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ABSTRACT

Current needs and trends are reviewed for makers of state and national policy, and for campus officials in gauging the condition of their own institutions. Attention is focused on measuring qualitative variations, as suggested by changes in program, concern for innovation, faculty performance, student attitudes, etc. An effort was made to determine how the institution looks from different perspectives, including that of a senior member of the faculty and several administrative officers. More attention is also given to analysis of the condition of the participating institutions individually than was done in the first report in this series. Topics covered here include: enrollment and admissions; faculty and other staff; content and quality of educational program; curricular offerings; operating revenues and expenditures; assets, liabilities, and net worth; and special topics relating to finance. (LBH)

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PRIVATE HIGHER EDUCATION

Second Annual Report
on
Financial and Educational Trends in the Private
Sector of American Higher Education

1976

by

HOWARD R. BOWEN and W. JOHN MINTER

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ASSOCIATION OF AMERICAN COLLEGES

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FOREWORD

In the Foreword to the first of this series of reports on the financial and educational trends in private higher education I pointed to "the importance and the difficulty of obtaining reliable data on the state of health of the independent sector of higher education." Judging from the response I can say with confidence that Drs. Bowen and Minter successfully overcame the difficulties and effectively demonstrated the importance of their work.

The first report covered a five-year period and established the base for charting subsequent trends. This second report fills the need for a timely measure of current trends, providing important information for scholars in higher education, for makers of state and national policy, and for campus officials in gauging the condition of their own institutions.

Two important changes in emphasis in this second edition are worthy of comment. First, more attention has been devoted to measuring qualitative variations, as suggested by changes in program, concern for innovation, faculty performance, student attitudes, and so forth. Second, an effort has been made to determine how the institution looks from different perspectives, including that of a senior member of the faculty and several administrative officers. Third, more attention has been given to analysis of the condition of the participating institutions individually. These modifications, we believe, contribute significantly to the value of the study as a barometer to measure the climate of the independent sector of higher education.

We continue to acknowledge our indebtedness to Drs. Howard R. Bowen and W. John Minter for their expert interpretation and presentation; to the Advisory Committee for its helpful interest and valuable input; to the participating colleges and universities for their efforts to ensure timely and accurate reporting of data; and, of course, to the Lilly Endowment, Inc. for its generous and continuing support of this important endeavor.

Frederic W. Ness, President
Association of American Colleges

PREFACE

This study is the second of an annual series of reports on financial and educational trends in the private sector of American higher education. The purpose is to monitor the progress of private colleges and universities regularly and to provide reliable and timely information for the use of government officials, educators, donors, students, faculty, and other persons or groups interested in private higher education. This project is sponsored by the Association of American Colleges and financed by a grant from the Lilly Endowment, Inc.

The first report issued in November 1975 covered the five-year period 1969-70 through 1973-74. Some data were available also for 1974-75. The present report carries the information forward to 1974-75 and in some cases to 1975-76. A third annual report is planned for publication about May 1977.

The study is based on a stratified sample of 100 accredited four-year institutions representing a universe of 866 institutions. All parts of the four-year private sector are represented except major research universities and autonomous professional schools (such as theological seminaries and music conservatories).

Many persons have contributed to the study and deserve grateful acknowledgment. First and foremost, the participating institutions have been superbly cooperative in supplying the basic data. The exceptionally high rate of response is gratifying and greatly appreciated. Frederic W. Ness, President of the Association of American Colleges, Elden T. Smith, Executive Secretary of the National Council of Independent Colleges and Universities, Van Court Wilkins, Business Manager of the Association of American Colleges, and James B. Holderman and Landrum Bolling of the Lilly Endowment have all been supportive and helpful in many ways. Special recognition is due our two colleagues, Mrs. Margaret Winter and Mrs. Dorothy Pearson, to Mr. Dale Davis, Mr. James Murdock, and Mrs. Cathy Conger, whose guidance and assistance in the analysis of financial statements was indispensable, and to Mrs. Janet Tanner who typed the manuscripts with extraordinary skill and promptness. The assistance of the National Association of College and University Business Officers and the Association of College and University Housing Officers is also gratefully acknowledged. Special thanks are due to Dr. G. Richard Wynn for helpful advice in the early stages of the project.

The study was designed and executed in consultation with an Advisory Committee whose suggestions and criticisms were extraordinarily helpful. The members of this Committee are:

Earl F. Cheit, University of California, Berkeley
Peggy Heim, Carnegie Council on Policy Studies in Higher Education
Hans H. Jenny, College of Wooster
Lyle H. Lanier, American Council on Education
Frederic W. Ness, Association of American Colleges
Morgan Odell, Association of Independent California Colleges and Universities
Sidney A. Rand, St. Olaf College
William A. Shoemaker, Council for the Advancement of Small Colleges

Having made these acknowledgments, the full responsibility for the report rests with the undersigned.

Howard R. Bowen

W. John Minter

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CHAPTER I

INTRODUCTION

This report is the second in an annual series of reports on the financial and educational condition of the private sector of American higher education. The introduction is designed to provide continuity between the two reports. Those who are familiar with the first document may wish to skip this chapter.

Private higher education is an important--even indispensable--part of the American higher educational system. It adds diversity, it offers competition to an otherwise all-embracing public system, it provides a center of academic freedom removed from political influence, it is deeply committed to liberal learning, it is concerned for human scale and individual personality, it sets standards, it provides educational leadership, and it saves money for taxpayers. Not every private college or university achieves all of these results, but enough institutions do achieve some of them to make survival of a strong private sector a major goal in the broad public interest.

Despite its acknowledged achievements, the private sector is widely believed to be in serious jeopardy. There are many reports that it faces increasing competition from hundreds of new public institutions; that it has had to raise tuitions substantially year after year so that the tuition gap between private and public institutions has widened; that its income from gifts and endowments has not kept pace with rising costs; and that the pool of available students is contracting. It is often asserted that these circumstances threaten to destroy some private colleges and universities, to drive some into the public sector, and to weaken most.

Given the social importance and vulnerability of the private sector, it has become an object of deep concern not only for its private donors and sponsors but also for state and federal governments. Many states have acted on behalf of the private colleges and universities within their borders and the Federal Government is showing increasing interest. Also, many of the private institutions have themselves taken steps to strengthen their position through improved management, budgetary adjustments, and application of increased effort. Nevertheless, the concern remains. Under these conditions, it is a matter of considerable importance to have an early-warning system consisting of reliable and up-to-date information about the private sector.

Broad General Conclusions of the First Report

The first report did not confirm the frequently asserted opinion that most private colleges and universities are essentially defunct and on their way to oblivion. Neither did it confirm the proposition, sometimes but less frequently asserted, that they are enjoying prosperity. The truth was found to lie somewhere between these two extremes.

On the one hand, for the private sector as a whole, enrollments have been maintained. Apparently, a substantial demand for private higher education exists at tuitions far above those charged by the much larger public sector. Also, overall, the financial position of the private sector has held remarkably steady. Assets and net worth have grown, the various ratios of assets to liabilities have improved, few institutions have experienced chronic operating deficits, and revenues have kept pace with inflation and enrollment growth. The leaders of most institutions have maintained their poise and morale and are cautiously confident about the future. Finally, most institutions have not been forced by financial stringency into drastic retrenchment though most have experienced tight budgets and possibly a slow erosion of financial and educational strength.

On the other hand, the competition for students has intensified and the task of maintaining enrollments has become more onerous each year. And about one-fourth of the institutions, concentrated mostly among the Comprehensive Universities and Colleges and Liberal Arts Colleges II appear to be in distress--though we are by no means predicting the demise of all of these institutions. Changes in internal management and policy or changes in external conditions such as new forms of public aid could alter their situation.

When the fortunes of higher education changed in the late 1960s and when many institutions were experiencing deficits while adjusting to new and less expansive conditions, dire predictions were made about the future of the private sector. Partly because of these predictions, the institutions quickly set about putting their houses in order. Five or six years have elapsed since the onset of depressed conditions. During that time, no major private institutions have failed and virtually all private colleges and universities are still solvent even though not highly prosperous. This condition exists despite adverse reactions of donors to the student unrest of several years ago, despite depression in the economy and in the stock market, despite galloping inflation, despite a widening of the public-private tuition gap, despite the intense competition of new and expanded public institutions, despite demographic changes, and despite the constant and possibly self-fulfilling allegation that many private institutions would soon be defunct.

Some of the credit for the staying power of the private sector goes to the state and federal governments which have helped through student aid programs and in other ways. Some of the credit goes to improved management of the private institutions. Some of the credit is due the trustees, donors, and faculties who have been steadfast in their efforts on behalf of their particular institutions.

One of the themes that recurred throughout the first report was that the private colleges and universities have enormous staying power. They are still a viable and sturdy part of the American system of higher education. The disaster that has been so widely predicted has not befallen most private institutions. Yet the present situation is far from secure and the future is in doubt.

Objectives of the Second Report

The second report is designed primarily to up-date the first report. However, it augments the first report in two other ways: first, it provides considerably more detailed information about institutions individually (as distinct from aggregates of institutions). Second, it yields much more information about changes in program and performance (as distinct from changes in enrollment and finances) as the institutions adjust to changing conditions.

Scope and Method

The study is limited to accredited, private, non-profit, four-year institutions of higher education of the following types (as defined by the Carnegie Commission on Higher Education):[1]

1. Doctoral-granting Universities I (awarded 40 or more Ph.D.s in 1969-70 or received at least $3 millions in federal funds) and

   Doctoral-granting Universities II (awarded at least 10 Ph.D.s in 1969-70).

2. Comprehensive Universities and Colleges I (enrolled more than 2,000 students and offered a liberal arts program and at least two professional programs) and

   Comprehensive Universities and Colleges II (enrolled more than 1,500 students and offered a liberal arts program and at least one professional program).

3. Liberal Arts Colleges I (selective in admissions standards or among leading institutions in number of graduates later receiving Ph.D.s).

4. Liberal Arts Colleges II (all other liberal arts colleges).

---

[1] A Classification of Institutions of Higher Education (Berkeley: Carnegie Commission on Higher Education, 1973).

These four types include 866 institutions serving about 1,469,000 students in 1969-70. They represent 65 percent of the institutions and 73 percent of the enrollment in the private sector.

The excluded types of institutions are major research universities, two-year colleges, and specialized professional schools (such as music conservatories and theological seminaries). These were not included because each involves special issues and problems requiring detailed study beyond the limits of available resources. We hope in a future year to widen the coverage to include additional types of institutions.

The study is based on a sample of 100 institutions representing 11.5 percent of the 866 institutions in the population. The sample was drawn to insure representation of the several types of institutions, of four broad regions of the country, and of institutions of various sizes as measured by enrollment.[1] The participating institutions are listed at the end of this chapter.

The participating institutions are requested annually to submit copies of the following documents:

Higher Education General Information Survey (HEGIS)
Salary information as submitted to AAUP
Audited financial statement
Annual budget
Annual report of president
Catalog
Voluntary support survey

In addition, each is asked each year to respond to a questionnaire, parts of it to be filled out by the director of admissions, chief student aid officer, chief academic officer, housing director, chief financial officer, a senior faculty member, and president or chancellor.

The study is based primarily on the tabulation and analysis of these documents. As would be expected, the rate of response has varied for different documents and different questions. For some items, particularly financial and enrollment data, the response has been almost perfect. For some other items, the response has been as low as 70 percent. On the whole, however, the response has been excellent and in our judgment, the data are reliable.

In the analysis of the data, emphasis is given to indicators reflecting changes over time in the condition of the private sector. The basic question to be answered is: In what ways are the private colleges and universities gaining ground, holding their own, or losing ground? The analysis is in three parts: (1) consolidated trends for all institutions, (2) comparative trends for different types of institutions, and (3) estimates of the overall condition of each institution included in the sample.

---

[1] An alternate for each sample institution was also drawn. For the few institutions which declined to participate, the alternate institutions were included.

The data derived from the sample for any given type of institution are weighted to produce estimates of comparable data for all institutions of that type. The weights used are enrollments in 1969-70. Thus, if total enrollment in the sample institutions of Liberal Arts Colleges II were 50,000 and if total enrollment of all institutions of that type were 500,000, any datum derived from the sample (for example, total expenditures), would be multiplied by 10 to produce an estimate for all Liberal Arts II institutions.

The data are frequently expressed as index numbers usually with the year 1969-70 as the base. An index number simply expresses the percentage relationship between a datum for a given year and the corresponding datum for the base year. For example, if total expenditures of Liberal Arts Colleges II in 1969-70 were $10 million and in 1974-75 were $15 million, the index numbers would be 100 for 1969-70 and 150 for 1974-75. On the basis of these numbers, one could say that expenditures had increased 50 percent over the period from 1969-70 to 1974-75.

List of Sample Institutions

Doctoral-Granting Universities

Adelphi University
Dartmouth College
University of Denver
Drexel University
Georgetown University
Marquette University
University of Notre Dame
University of the Pacific
Southern Methodist University
University of Tulsa

Comprehensive Universities and Colleges

Abilene Christian College
University of Albuquerque
Baldwin-Wallace College
Capital University
University of Dayton
Drake University
Elmira College
Fairleigh-Dickinson University
Geneva College
Gonzaga University
Iona College
Lafayette College
Long Island University
Merrimack College
Oklahoma Baptist University
Ouachita Baptist University
Pacific Lutheran University
University of Puget Sound
Roger Williams College
Russell Sage College
St. Lawrence University
St. Norbert College
University of Santa Clara
Seton Hall University
Simmons College
Suffolk University
Texas Wesleyan College
Trinity University
Tri-State College
Union College
Valparaiso University
Villanova University

Liberal Arts Colleges I

Allegheny College
Augustana College
Carleton College
Colorado College
Davidson College
Hamilton College
Kalamazoo College
Kenyon College
Macalester College
Mt. Holyoke College
College of New Rochelle
Oberlin College
Randolph-Macon Woman's College
Reed College
Ripon College
Rosemont College
St. Olaf College
Salem College
Washington and Lee University
Wells College
Westminster College
Wheaton College
Whitman College
Williams College

Liberal Arts Colleges II

Belmont Abbey College
Bennett College
Berry College
Bethel College
Bryan College
Campbell College
Clark College
Curry College
Dominican College of Blauvelt
Elmhurst College
Fisk University
George Fox College
Lane College
Marian College of Fond du Lac
Milligan College
Millsaps College
Mississippi Industrial College
North Central College
Northwestern College
Oglethorpe College
Paine College
Presbyterian College
Regis College
Rivier College
Rust College
St. Paul's College
Shaw University
Stephens College
Talladega College
Tarkio College
Unity College
Upsala College
Westmont College
Wilmington College

CHAPTER II

ENROLLMENT AND ADMISSIONS

Perhaps the most conspicuous mark of a healthy college or university is its capacity to attract and hold students. And among the most important indicators signaling impending or actual distress are declining numbers and qualifications of applicants, increasing student attrition, and declining enrollments. In this chapter we review trends in enrollment and admissions over the period 1969-70 to 1974-75 and report on changes in the most recent year, 1975-76.

Enrollment

As shown in table 1, total enrollments in private colleges and universities, having grown slowly over the period since 1969-70, held steady in 1975-76. This was true for the four types of institutions except Liberal Arts Colleges II which enjoyed a surprising 5 percent increase in total enrollments. Among the several classes of students, there were no striking changes in 1975-76. The stability of private college enrollments is due in part to the practice in many institutions of setting ceilings on number of students. This stability is also evident in table 2 which compares the percentage distributions of enrollments by classifications of students over the past two years.

As reported by the institutions last year, the mix of students is changing (see table 3). This year, a fourth to a third of the institutions reported relative increases in the number of women, minorities, older students, part-time students, and non-degree students relative to full-time white students of conventional college age. Few reported declines in these categories of students. Also, about a third (32 percent) of the institutions reported an increase in number of commuter students as compared with 12 percent reporting a decrease. About 32 percent indicated that the relative number of out-of-state students is declining and 23 percent that it is increasing. This indication of reduced relative numbers of out-of-state students is of special interest because the various state programs of student aid may be discouraging the interstate mobility of students. The number of institutions reporting a decline in relative number of out-of-state students was particularly great among Liberal Arts Colleges I, and to a lesser degree among Liberal Arts Colleges II. Finally, half of the institutions reported a substantial increase in the number of students transferring from community and junior colleges. For all institutions combined, this increase was of the order of 20 percent over the past five years.

TABLE 1

OPENING FALL ENROLLMENT, FULL-TIME EQUIVALENTS, 1969-70 to 1975-76[1]
(Index Numbers: 1969-70 = 100)

	1969-1970	1970-1971	1971-1972	1972-1973	1973-1974	1974-1975	1975-1976
Four Types of Institutions Combined:							
Freshmen and Sophomores	100	103	102	100	98	98	99
Juniors and Seniors	100	100	103	105	101	101	101
Sub-total: Undergraduates	100	102	102	102	100	99	99
Graduate Students	100	111	124	117	130	129	134
Professional Students	100	107	136	146	156	177	176
Other[2]	100	108	120	133	143	147	141
Sub-total: Graduate, Professional, & Other	100	109	127	129	140	147	148
Grand Total: All Students	100	103	107	107	107	108	109[3]
Doctoral-Granting Universities:							
Freshmen and Sophomores	100	103	98	98	100	96	97
Juniors and Seniors	100	99	98	103	99	98	97
Sub-total: Undergraduates	100	102	98	100	99	97	97
Graduate Students	100	109	115	111	121	116	121
Professional Students	100	106	125	132	145	158	157
Other[2]	100	56	96	106	96	177	212
Sub-total: Graduate, Professional, & Other	100	101	116	118	126	139	145
Grand Total: All Students	100	101	103	105	106	107	109
Comprehensive Universities and Colleges:							
Freshmen and Sophomores	100	103	104	98	98	97	98
Juniors and Seniors	100	101	106	106	103	102	102
Sub-total: Undergraduates	100	103	105	102	100	100	100
Graduate Students	100	112	135	121	140	147	152
Professional Students	100	107	164	185	187	230	232
Other[2]	100	181	182	196	194	148	112
Sub-total: Graduate, Professional, & Other	100	126	152	152	163	167	155
Grand Total: All Students	100	106	112	110	109	110	109

TABLE 1 (Continued)

	1969–1970	1970–1971	1971–1972	1972–1973	1973–1974	1974–1975	1975–1976
Liberal Arts Colleges I:							
Freshmen and Sophomores	100	103	105	107	109	109	108
Juniors and Seniors	100	101	103	108	110	112	113
Sub-total: Undergraduates	100	102	104	107	109	110	110
Graduate, Professional, and Other[4]	100	132	189	232	189	186	177
Grand Total: All Students	100	103	106	110	111	112	111
Liberal Arts Colleges II:							
Freshmen and Sophomores	100	103	108	100	91	97	101
Juniors and Seniors	100	101	106	107	102	102	103
Sub-total: Undergraduates	100	102	107	103	95	99	102
Graduate, Professional, and Other[4]	100	71	31	47	139	75	102
Grand Total: All Students	100	100	103	100	98	97	102

[1] Based on returns from 96 of 100 institutions.

[2] "Other" includes chiefly part-time, non-degree students.

[3] The precise number was 108.53.

[4] Because the numbers are relatively small and somewhat erratic, separate data for graduate, professional, and other are not shown.

TABLE 2

PERCENTAGE DISTRIBUTION OF FULL-TIME EQUIVALENT ENROLLMENTS BY CLASSIFICATION OF STUDENTS AND TYPE OF INSTITUTION, 1969-70, 1974-75, and 1975-76

	Freshmen and Sophomores	Juniors and Seniors	Graduate	Profes-sional	Other	Total
Four Types of Institutions Combined:						
1969-70	46%	36%	9%	6%	3%	100%
1974-75	42	34	11	9	4	100
1975-76	42	33	11	9	5	100
Doctoral-Granting Universities:						
1969-70	41	34	13	9	3	100
1974-75	37	31	14	13	5	100
1975-76	37	30	14	13	6	100
Comprehensive Universities and Colleges:						
1969-70	48	37	8	4	3	100
1974-75	42	35	11	8	4	100
1975-76	42	34	11	7	6	100
Liberal Arts Colleges I:						
1969-70	55	42	1	1	1	100
1974-75	54	42	1	1	2	100
1975-76	55	42	1	1	1	100
Liberal Arts Colleges II:						
1969-70	56	39	-	-	5	100
1974-75	56	40	1	-	3	100
1975-76	56	39	1	-	4	100

TABLE 3

CHANGES IN STUDENT "MIX": PERCENTAGE OF INSTITUTIONS REPORTING CHANGES IN RELATIVE NUMBERS OF STUDENTS IN VARIOUS CATEGORIES, FOUR TYPES OF INSTITUTIONS COMBINED, 1975-76

	More	No Change	Fewer	Don't Know or No Response	Total
Women	35%	27%	19%	19%	100%
Minorities	30	35	13	22	100
Over 24 years of age:					
Full-time degree students	26	39	8	27	100
Part-time degree students	28	32	10	30	100
Part-time non-degree students	28	33	7	32	100
Part-time short-course students	26	21	4	49	100
Out-of-state students	23	26	32	19	100
Commuter students	32	33	12	23	100

In the exploration of the enrollment situation, the participating institutions were requested to estimate the shortfall in undergraduate enrollment, if any, in both 1974-75 and 1975-76. They were asked if they would have preferred to enroll additional students and, if so, how many. The results, presented in table 4, show no marked change over the two years.[1] However, the magnitude of the shortfall appears to have been larger and to have increased more for the Comprehensive Universities and Colleges and the Liberal Arts Colleges II than for the other two types of universities.

TABLE 4

SHORTFALL IN UNDERGRADUATE ENROLLMENT (FULL-TIME EQUIVALENT), 1974-75 and 1975-76

	Responses of institutions to question: Would you have preferred to enroll additional students?				For those reporting preference for more students, percentage increase in enrollment that could have been accommodated without significant additions to faculty, housing, classrooms
	Yes	No	No Answer	Total	
Doctoral-Granting Universities					
1974-75	5	3	2	10	7%
1975-76	7	1	2	10	3
Comprehensive Universities and Colleges					
1974-75	14	6	12	32	7
1975-76	13	11	8	32	12
Liberal Arts Colleges I					
1974-75	11	10	3	24	8
1975-76	11	12	1	24	7
Liberal Arts Colleges II					
1974-75	23	2	9	34	11
1975-76	20	5	9	34	12
Four types of institutions combined:					
1974-75	53	21	26	100	n.a.
1975-76	51	27	20	100	n.a.

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[1] The same question was asked in 1975-76 about the shortfall in all students, undergraduate and other. The results were similar to those for undergraduates only.

Finally, the institutions were asked to forecast their undergraduate enrollment for the next three years (see table 5). The forecast for the four types of institutions combined was a modest 1 percent a year over the three-year period. The forecasts were quite different, however, for the several types of colleges. The Liberal Arts Colleges I projected a 1 percent decline in 1976-77 and no change thereafter; the Liberal Arts Colleges II projected a substantial 3 percent a year increase over the three years or 10 percent over the three-year period.

TABLE 5

INSTITUTIONAL PROJECTIONS OF UNDERGRADUATE ENROLLMENT (FULL-TIME EQUIVALENT) BY TYPE OF INSTITUTION
(Index Numbers: 1975-76 = 100)

	Actual	Estimated Enrollment		
	1975-76	1976-77	1977-78	1978-79
Four Groups of Institutions Combined	100	101	102	103
Doctoral-Granting Universities	100	101	102	103
Comprehensive Universities and Colleges	100	101	101	102
Liberal Arts Colleges I	100	99	99	99
Liberal Arts Colleges II	100	103	107	110

In last year's survey, the institutions also made an enrollment forecast. They collectively projected 1975-76 total enrollment to be up 1 percent. In fact, it turned out to be exactly that (see table 1).

Admissions

Additional information about the progress of the private sector of higher education was obtained from our inquiries into student recruitment and admissions. Table 6 shows trends in the recruitment and admissions of students over the period 1969-70 to 1975-76. The changes during the latest year, 1975-76, were small but on the whole reassuring. The number of transfer students admitted dropped off about 5 percent but total admissions of all undergraduates, freshmen and transfers, increased by about 2 percent. The academic credentials of the entering freshmen, as measured by Scholastic Aptitude Tests (SAT) scores and rank in high school class, declined slightly. However, it is well known that average SAT scores for the entire country have been falling and this is true as well of scores on the tests of the American College Testing Program (ACT).

TABLE 6

EXPERIENCE OF PRIVATE COLLEGES AND UNIVERSITIES IN THE RECRUITMENT AND ADMISSION OF UNDERGRADUATE STUDENTS, 1969-70 THROUGH 1975-76

		Autumn of Each Year						
		1969-1970	1970-1971	1971-1972	1972-1973	1973-1974	1974-1975	1975-1976
1. Number of completed applications received for admission to freshmen class[1]		100	102	98	96	91	91	92
2. Number of applicants offered admission to the freshman class[1]		100	102	102	97	95	94	95
3. Number of full-time equivalent students admitted to the freshman class[1]		100	98	96	92	90	90	94
4. Number of full-time equivalent undergraduate transfer students admitted[1]		100	115	131	134	135	134	127
5. Number of full-time equivalent undergraduate students, freshman and transfer, admitted[1]		100	100	101	101	98	98	100
6. Offers of admission to the freshman class as percentage of completed applications received		70%	72%	73%	73%	75%	76%	73%
7. Entering freshmen as percentage of admissions offered		53%	51%	50%	50%	51%	51%	51%
8. Average Combined Scholastic Aptitude Test (SAT) Scores of entering freshmen[2]		1063	1054	1046	1033	1023	1010	1005
9. Percentage of entering freshmen by rank in high school class:	Top fifth	51%	49%	49%	51%	53%	51%	50%
	Second fifth	27	27	25	26	24	25	23
	Third fifth	15	15	16	14	15	15	15
	Lowest two-fifths	7	9	10	9	8	9	10

[1] Index numbers: 1969-70 = 100.

[2] In interpreting these figures, it should be noted that the average SAT scores declined for all students taking the test.

Table 7 provides a comparison of the national averages of these scores with the average scores for our sample of institutions. From these data, it appears that the downward trend for our sample has been similar to that for the national averages. From this one would conclude that the private sector has not experienced a decline in scholastic aptitude of its freshmen relative to other public and private institutions.

TABLE 7

AVERAGE SCORES ON SAT AND ACT COLLEGE ADMISSION TESTS AS COMPARED WITH AVERAGE SAT SCORES FOR THE SAMPLE OF INSTITUTIONS INCLUDED IN THIS STUDY

Year in which Test administered[1]	National Averages SAT Scores		National Averages ACT Scores		Averages for Sample SAT Scores	
	Scores	Index[2]	Scores	Index[2]	Scores	Index[2]
1968-69	953	100.0	19.4	100.0	1063	100.0
1969-70	948	99.5	19.5	100.5	1054	99.2
1970-71	941	98.7	18.9	97.4	1046	98.4
1971-72	932	97.8	18.8	96.9	1033	97.2
1972-73	924	96.9	18.9	97.4	1023	96.2
1973-74	918	96.3	18.7	96.4	1010	95.0
1974-75	906	95.1	n.a.	n.a.	1005	94.5

[1] One year before admission to college.

[2] Index Numbers: 1968-69 = 100.

Our data on the high school rankings of entering freshmen (table 6) suggest that there may be a perceptible downward trend. In 1969-70, 78 percent of the entering freshmen had been in the top two quintiles; in 1975-76 this percentage had dropped to 73 percent.

Table 8 shows the trend in SAT scores and high school rankings of freshmen, by types of institutions. These data show few differences in trends. All groups have experienced some decline in the SAT scores and in the percentage of freshmen in the top two deciles of the high school rankings. The Liberal Arts Colleges II appear to have lost more ground than the other groups in the high school rankings, but they have recently gained in SAT scores relative to national averages.

The long-term trend toward increasing the size of admissions staffs continued in 1975-76 (see table 9). This trend suggests that ever-increasing effort is necessary to maintain enrollments.

TABLE 8

SCHOLASTIC APTITUDE TEST (SAT) SCORES AND RANK IN HIGH SCHOOL CLASSES, ENTERING FRESHMEN, BY TYPE OF INSTITUTION, 1969-70 AND 1975-76

		Doctoral-Granting Universities	Comprehensive Universities and Colleges	Liberal Arts Colleges I	Liberal Arts Colleges II	Four Types of Institutions Combined
SAT Combined Scores						
1969-70 Autumn		1127	1051	1197	983	1063
1974-75 Autumn		1071	1009	1137	924	1010
1975-76 Autumn		1068	1002	1114	924	1005
Percentage Change:						
1969-70 to 1974-75		- 5%	- 4%	- 5%	- 6%	- 5%
1974-75 to 1975-76		- -	- 1	- 2	0	- 1
Percentage by Rank in High School Class:						
Top fifth	1969-70	70%	45%	65%	39%	51%
	1974-75	67	51	64	35	51
	1975-76	71	48	57	34	50
Second fifth	1969-70	23	30	21	29	27
	1974-75	24	26	21	26	25
	1975-76	18	25	25	25	23
Third fifth	1969-70	5	19	10	19	15
	1974-75	6	16	10	20	15
	1975-76	6	17	12	20	15
Bottom two-fifths -	1969-70	2	6	4	13	7
	1974-75	3	7	5	19	9
	1975-76	4	8	5	17	10

TABLE 9

CHANGES IN THE SIZE OF THE ADMISSIONS STAFF, BY TYPE OF INSTITUTION, 1969-70 THROUGH 1975-76

	Doctoral-Granting Universities	Comprehensive Universities and Colleges	Liberal Arts Colleges I	Liberal Arts Colleges II	Four Types of Institutions Combined
Number of persons (full-time equivalent) on admissions staff (Index Numbers: 1969-70 = 100)					
1969-70	100	100	100	100	100
1974-75	142	116	122	130	127
1975-76	158	135	135	141	144
Ratio between number of students admitted to number of persons on admissions staff					
1969-70	119:1	136:1	64:1	74:1	104:1
1974-75	86:1	110:1	57:1	58:1	82:1
1975-76	76:1	102:1	50:1	59:1	74:1

Student Attrition

Table 10 presents some evidence about trends in attrition rates. One source of data is percentage of undergraduate students who left college during the three years 1972-73 through 1974-75. As the table shows, there was little change. Another bit of evidence is undergraduate admissions as a percentage of total undergraduate enrollment. This percentage is a measure of the number of new students needed to maintain a given student body. Again, the data reveal no significant change. The private sector has apparently held steady, or even improved slightly, with respect to student dropouts.

TABLE 10

INDICATORS OF STUDENT ATTRITION, BY TYPE OF INSTITUTION,
1969-70 THROUGH 1975-76

	Percentage of Undergraduate Students Leaving College[1] during or at the End of:			Number of Undergraduate Freshmen and Transfer Students Admitted as Percentage of Total Undergraduate Enrollment		
	1972-73	1973-74	1974-75	1969-70	1974-75	1975-76
Doctoral-Granting Universities	12%	13%	13%	31%	32%	33%
Comprehensive Universities and Colleges	15	16	15	33	33	31
Liberal Arts Colleges I	11	12	11	33	32	31
Liberal Arts Colleges II	20	19	20	41	39	39
Four types of institutions combined	15	15	15	33	33	33

Conclusions

Our study of changes in enrollment and admissions suggests that the private sector has held its own in 1975-76. There were no adverse changes of significance and no important advances.

1. Both undergraduate and total enrollment increased by 1 percent. Differences among the several groups of institutions were small. The strength of the Liberal Arts Colleges II was notable. In that group, undergraduate enrollments increased by 3 percent and total enrollment by 5 percent.

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[1] Not including graduates.

2. The long-term changes in the composition of the student bodies continued in 1975-76. The relative numbers of women, minorities, older students, part-time students, non-degree students, and commuter students are growing. The relative numbers of graduate and professional students, which had been increasing in recent years, leveled off in 1975-76. The relative number of out-of-state students may be declining slowly. It should be noted that in many institutions, part-time and non-degree students pay tuitions at a lower rate than those charged full-time regular students.

3. Over half the institutions reported that they would have liked to enroll more students. On this matter there was little or no change from 1974-75.

4. The institutions on the average are basing their plans on enrollment increases in the next three years of about 1 percent a year.

5. Admissions data suggest little change in 1975-76 in the power of the institutions to attract qualified students. Numbers of applications and admissions were up slightly. The academic ability of the freshmen admitted as measured by SAT scores declined a bit--but the decline was in line with the well-known drop in national averages on these scores. But high school class rankings continued their gradual downward trend.

6. The increasing concern for admissions and the increasing competitiveness of the "market" for students is suggested by the steady increase in the size of admissions staffs.

7. No significant change occurred in rates of student attrition.

The overall enrollment situation remains uncertain in view of the demographic changes due in the 1980s and of the new interests of students in vocational education. However, up to 1975-76, the private sector has maintained its position reasonably well in both the numbers and academic qualifications of its students and looks forward to modest growth in the next several years. As we stated last year, "The situation can be described as worrisome but not disastrous--at least not yet." Also, as we stated last year, the strength of the private sector has been due in part to federal and state programs of student aid and to "hustle" on the part of the institutions. Moreover, as we shall point out in detail, the aggregate figures presented in this chapter obscure wide variations in the fortunes of individual institutions.

CHAPTER III

FACULTY AND OTHER STAFF

In universities and colleges, a large proportion of total expenditures are personnel costs. One of the ways institutions may accommodate to changing conditions is to control increases in the payroll. This can be done by adjusting the number of persons employed, compensation rates, or both. In this chapter, we consider changes in the number, compensation, and working conditions of faculty and non-academic staff as possible indicators of financial circumstances in private higher education.

Student-Faculty Ratio

As pointed out in our previous report, the ratio of students to faculty was slightly less generous in 1974-75 than in 1969-70.[1] Over the period, enrollments had increased by 8 percent and faculties had grown by 5 percent. The ratio of students to faculty had risen from 16.1 to 16.4. Most of the change, however, had occurred in 1971-72, and after that year the student-faculty ratio had been about constant, varying between 16.1 and 16.4. Our latest survey reveals that in 1975-76, both the number of faculty and the number of students increased by about 1 percent and that the ratio of students to faculty again held steady at 16.4 (see table 11).

Faculty Compensation

As shown in table 11, average faculty compensation (including salaries and fringe benefits) in the institutions in our sample rose by 6 percent in 1975-76. As in previous years, faculty compensation failed to keep pace with inflation or with the increase in average earnings in the economy generally. Table 12 compares annual percentage increases in faculty compensation (as reported from three different sources) with increases in the Consumer Price Index and Average Weekly Earnings in Non-agricultural Employment. During the years 1969-70 through 1972-73, faculty compensation kept pace with inflation, but after 1972-73, faculty compensation fell behind and real earnings in constant dollars declined. The comparison with average weekly earnings in private non-agricultural employment shows that faculty compensation lagged behind during the years

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[1] The student-faculty ratios presented this year are revised downward from those shown in our first report. The reason for this change was an error in the calculations last year. This error did not affect the trend over time but only the precise ratio.

TABLE 11

CHANGES IN NUMBER AND COMPENSATION OF FACULTY AND IN STUDENT-FACULTY RATIO, 1969-70 TO 1975-76

	1969-1970	1970-1971	1971-1972	1972-1973	1973-1974	1974-1975	1975-1976
1. Number of FTE[1] faculty on the payroll, all ranks[2]	100	103	104	104	104	105	106
2. Average compensaion[3] per FTE faculty member, all ranks[2]	100	108	115	121	126	133	141
3. Annual percentage increases in average faculty compensation	--	8%	6%	5%	4%	6%	6%
4. Total payroll, all faculty and all ranks[2]	100	113	123	129	132	141	152
5. Ratio: FTE student enrollment to one FTE faculty on the payroll	16.1	15.9	16.4	16.2	16.1	16.4	16.4

[1] Full-time equivalent.

[2] Index Numbers: 1969- 70 = 100.

[3] Includes fringe benefits.

TABLE 12

ANNUAL PERCENTAGE INCREASES IN FACULTY COMPENSATION, 1969-70 THROUGH 1975-76

	Percentage Increases in Faculty Compensation or Salaries				
	Sample of 100 Private Institutions[1]	Institutions Reporting to AAUP[2]	All Institutions: Compiled by the National Center for Educational Statistics[3]	Percentage Increase in Consumer Price Index[4]	Percentage Increases in Average Weekly Earnings, Private Non-agricultural Employment[4]
1968-69 to 1969-70	--	7.1%	5.8%	5.7%	5.2%
1969-70 to 1970-71	8%	6.2	5.4	5.2	5.5
1970-71 to 1971-72	6	4.3	3.5	3.6	6.7
1971-72 to 1972-73	5	5.0	4.1	3.9	6.9
1972-73 to 1973-74	4	5.9	5.1	8.9	6.5
1973-74 to 1974-75	6	6.4	5.8	11.2	6.1
1974-75 to 1975-76	6	--	6.1	7.1*	6.0*

[1] Data from survey conducted as part of the present study. Refers to total compensation.

[2] AAUP Bulletin, August 1975, p. 125. Refers to total compensation and to both public and private institutions.

[3] Chronicle of Higher Education, February 9, 1976, p. 5. Refers to salaries only and to both public and private institutions.

[4] SOURCE: U.S. Department of Labor.

*Estimated by the authors, based on data for 8 months of the year.

1971-72 through 1973-74 but in the past two years kept pace with average wages and salaries in the economy generally. The inferences from the data in table 12 are somewhat complex. Faculty have been losing ground relative to the cost of living and their real earnings have been declining. A few years ago, they were also losing ground relative to average earnings in private employment generally. But in the past two years, faculty compensation has about kept pace with earnings in the private employment generally. It would appear, then, that the effect on earnings of the recent rapid inflation has been about the same in the academic community as in the economy generally.

Historically, the academic profession has lost ground financially during periods of inflation and has gained ground during periods of declining or stable price levels.[1] If inflation comes under control, it is possible that the recent decline in the real earnings of faculty members will be reversed. One can say, however, that the recent decline in faculty salaries (in terms of constant dollars) is the most significant "saving" or "retrenchment" on the part of the institutions we have been able to identify. One's evaluation of this episode will depend on one's judgment as to whether the decline will persist over a long time. If it does, then questions should be raised not only about fairness and faculty morale, but about the ability of the academic profession to attract and hold talented persons. The reports from the institutions in our sample seem to imply that academic "quality" has not been--at least not yet-seriously eroded. But the lingering suspicion must be that over time, if the academic profession becomes less remunerative relative to other occupations, significant quality erosion may occur. But these are speculations about the future, not facts about the present.

A comparison of the level and trends in faculty compensation between public and private institutions may be useful. The data in table 13 suggest that there are differences in faculty compensation between public and private institutions but that overall the compensation levels are similar. Table 14 suggests, however, that compensation has been rising somewhat less rapidly in the private institutions than in the public colleges and universities. The differential has been especially marked since 1972-73.

Faculty Status and Working Conditions

Table 15 presents information on various aspects of faculty status. The percentage on tenure increased in 1975-76 by 3 percentage points. All four types of institutions reported increases in tenure percentages. At the same time, rates of separation from the faculty declined. These trends would suggest a slow erosion of the capacity of the institutions to make adjustments in faculty size and composition. However, surprisingly, the rate of new appointments increased slightly.

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[1] Howard R. Bowen, "Faculty Salaries: Past and Future," Educational Record, Winter 1968, pp. 9-21.

TABLE 13

AVERAGE FACULTY COMPENSATION BY TYPE OF INSTITUTION, 1974-75

	Average Compensation 1974-75
Universities[1]	
Public	$19,650
Private Independent	22,210
Private Church-Related	18,430
College I[2]	
Public	18,790
Private Independent	17,940
Private Church-Related	16,220
College II[3]	
Public	15,830
Private Independent	16,710
Private Church-Related	14,810

SOURCE: AAUP Bulletin, Summer, 1975, p. 126.

[1] Institutions awarding at least 15 earned doctorates per year in at least three non-related disciplines.

[2] Institutions awarding degrees above the bachelor's degree but not qualifying as "universities."

[3] Institutions awarding only the bachelor's degree or equivalent.

TABLE 14

PERCENTAGE CHANGES IN FACULTY COMPENSATION,[1] ALL ACADEMIC RANKS, BY TYPE OF INSTITUTION, 1969-70 THROUGH 1974-75

		1970-71 from 1969-70	1971-72 from 1970-71	1972-73 from 1971-72	1973-74 from 1972-73	1974-75 from 1973-74
Universities[2]	Public	5.7%	4.3%	4.9%	5.3%	6.3%
	Private independent	6.3	4.3	4.2	5.6	5.1
	Private church-related	7.3	4.4	5.8	4.9	5.2
Colleges Awarding Some Advanced Degrees	Public	5.5	3.9	5.6	7.1	7.6
	Private independent	8.7	4.9	4.9	4.9	5.4
	Private church-related	7.5	4.7	5.2	5.3	6.0
Colleges Awarding Bachelor's Degrees	Public	6.6	5.7	4.8	5.8	6.5
	Private independent	6.4	4.4	4.2	4.6	4.8
	Private church-related	7.3	4.1	4.7	4.5	5.1

SOURCES: AAUP Bulletin, Summer 1971, p. 226; Summer 1972, p. 182; Summer 1973, p. 192; Summer 1974, p. 176; Summer 1975, p. 127.

[1] Includes salaries and fringe benefits.

[2] Institutions awarding at least 15 earned doctorates per year in at least 3 non-related disciplines.

TABLE 15

DATA RELATING TO THE STATUS OF FACULTY, BY TYPE OF INSTITUTION, 1974-75

	Doctoral-Granting Universities	Comprehensive Universities and Colleges	Liberal Arts Colleges I	Liberal Arts Colleges II	Four Types of Institutions Combined
Percentage of faculty on tenure:					
1974-75	58%	57%	63%	48%	57%
1975-76	59	60	64	49	60[1]
Faculty turnover:					
Separations as percentage of faculty					
1973-74	11	10	9	11	10
1975-76	10	9	9	10	9
New appointments as percentage of faculty					
1973-74	10	10	9	14	11
1975-76	11	9	9	15	12
Student-faculty ratios:					
Ratios of student enrollment FTE[2] to faculty on the payroll FTE					
1974-75	16.4	22.4	14.0	14.7	18.0
1975-76	16.1	22.7	14.6	15.6	18.1

[1] The National Center for Educational Statistics reports that for all private institutions the tenure percentage in 1975-76 was 51 percent and for all public institutions 57 percent. American Council on Education, A Fact Book on Higher Education, Third Issue, 1975, p 75.162.

[2] Full-time equivalent.

Tables 16 and 17 present some new data on changes in faculty work-loads and in supporting services for faculty. Most institutions report no change in faculty work-load, and this squares with the stability of the student-faculty ratio. However, the number of institutions reporting increases in the work-load exceeded the number reporting reductions. The proportion of institutions reporting an increase in work-load was relatively high among Liberal Arts Colleges II. These were the institutions where the student-faculty ratio increased significantly. Regarding supporting services for faculty, most institutions reported no change. The minority reporting expansion of services about balanced those reporting curtailment.

We inquired about collective bargaining for faculty, librarians and other support staff, and research and teaching assistants. Only four institutions in our sample reported collective bargaining. Of these, all four reported collective bargaining for faculty, one for librarians, etc., and none for assistants.

TABLE 16

CHANGES IN FACULTY WORK LOAD, 1974-75 TO 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICERS*

	Increase	No Change	Decrease	Don't Know	Total
Teaching load in number of classroom hours:					
Doctoral-Granting Universities	12%	88%	--	--	100%
Comprehensive Universities and Colleges	8	92	--	--	100
Liberal Arts Colleges I	9	91	--	--	100
Liberal Arts Colleges II	8	80	12%	--	100
Four types of institutions combined	8	84	8	--	100
Teaching load in number of students:					
Doctoral-Granting Universities	37	62	--	--	100
Comprehensive Universities and Colleges	28	56	16	--	100
Liberal Arts Colleges I	35	56	9	--	100
Liberal Arts Colleges II	52	36	12	--	100
Four types of institutions combined	44	44	12	--	100
Load of advising, committee work, etc.:					
Doctoral-Granting Universities	--	100	--	--	100
Comprehensive Universities and Colleges	20	80	--	--	100
Liberal Arts Colleges I	35	65	--	--	100
Liberal Arts Colleges II	40	56	4	--	100
Four types of institutions combined	34	63	3	--	100

*Based on responses from 81 of 100 institutions. These data were on the whole confirmed by independent reports from senior faculty members.

TABLE 17

CHANGES IN SUPPORTING SERVICES FOR FACULTY, 1974-75 TO 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICERS*

	Increase	No Change	Decrease	Don't Know	Total
Secretarial and related assistance:					
Doctoral-Granting Universities	12%	88%	--	--	100%
Comprehensive Universities and Colleges	24	68	8%	--	100
Liberal Arts Colleges I	19	71	10	--	100
Liberal Arts Colleges II	24	64	12	--	100
Four types of institutions combined	23	66	11	--	100
Research support:					
Doctoral-Granting Universities	37	38	25	--	100
Comprehensive Universities and Colleges	20	72	8	--	100
Liberal Arts Colleges I	9	83	9	--	100
Liberal Arts Colleges II	8	80	12	--	100
Four types of institutions combined	11	78	11	--	100
Professional travel:					
Doctoral-Granting Universities	12	76	12	--	100
Comprehensive Universities and Colleges	20	52	28	--	100
Liberal Arts Colleges I	22	65	13	--	100
Liberal Arts Colleges II	24	52	24	--	100
Four types of institutions combined	23	55	22	--	100

*Based on responses from 81 of 100 institutions. These data were confirmed on the whole by independent reports from senior faculty members.

Administrative and Non-Academic Staff

Up to 1974-75 our data on numbers of administrative and non-academic employees showed substantial increases in administrative and clerical personnel, a large decrease in "other non-academic staff," and approximate stability of total administrative and non-academic employment. The decrease in "other non-academic staff" was one of the few areas of retrenchment which was discovered in our first study. Further analysis, however, has raised some question about this finding. The figures may in some cases be misleading because variations are in some cases due to changes in the practice of contracting with outside firms for food service, building maintenance, repair services, etc. Some difficulty may also have been introduced because of changes in the classification of employees as between administrative and clerical. Therefore, we are publishing at this time only summary figures. In our judgment, these figures tend to understate the growth of administrative and non-academic employment over the years. The data, shown in table 18, suggest that overall there has been little or no retrenchment in 1975-76 in administrative and non-academic employment. We would repeat, however, that these data have proved to be erratic and not as meaningful as we would like.

TABLE 18

CHANGES IN NUMBER OF FULL-TIME ADMINISTRATIVE AND NON-ACADEMIC EMPLOYEES, 1969-70 THROUGH 1975-76
(Index Numbers: 1969-70 = 100)

	1969-1970	1970-1971	1971-1972	1972-1973	1973-1974	1974-1975	1975-1976
Doctoral-Granting Universities	100	105	99	99	101	99	96
Comprehensive Universities and Colleges	100	108	108	105	101	103	103
Liberal Arts Colleges I	100	103	105	101	103	104	110
Liberal Arts Colleges II	100	108	100	108	111	113	106
Four types of institutions combined							
Administrative staff	100	103	95	100	105	112	107
Clerical staff	100	109	112	111	114	113	112
Other non-academic staff	100	105	99	97	93	91	94
Total	100	106	102	102	101	101	101

Median wage and salary increases in 1975-76 for administrative and non-academic staff were in the neighborhood of 7 percent (table 19) and exceeded faculty salary increases which were 6 percent (table 12).

About a fifth of the institutions reported collective bargaining covering trade and technical employees and other non-academic employees. Only two institutions reported collective bargaining for clerical employees.

TABLE 19

MEDIAN PERCENTAGE INCREASES OF WAGES AND SALARIES OF ADMINISTRATIVE AND NON-ACADEMIC STAFF, 1973-74 TO 1975-76

	Administrative Staff		Clerical Staff		Other Non-Academic	
	1973-74 to 1974-75	1974-75 to 1975-76	1973-74 to 1974-75	1974-75 to 1975-76	1973-74 to 1974-75	1974-75 to 1975-76
Doctoral-Granting Universities	8%	7%	8%	8%	7%	7%
Comprehensive Universities and Colleges	6	7	8	7	7	7
Liberal Arts Colleges I	7	6	8	6	7	6
Liberal Arts Colleges II	7	7	8	7	8	7
Four types of institutions combined	7	7	8	7	7	7

Conclusions

The data reported by the institutions on changes in faculty and staff in 1975-76 yielded the following conclusions:

1. The size of the faculties about kept pace with the growth of enrollment. The ratio of students to faculty which had been stable for several years at between 16.1 and 16.4 remained about constant in 1975-76 at 16.4.

2. Faculty compensation has long been in a race with inflation. During the years 1969-70 through 1972-73, faculty compensation was winning by a small margin. But since then, compensation has risen less rapidly than the Consumer Price Index, and the real earnings of faculty members have on the average been declining. In 1975-76, however, the race was again close. Compensation increased by about 6 percent and the rise in prices will probably turn out to be around 7 percent. Also, faculty compensation has in the past two years kept pace with average earnings in private non-agricultural employment. The question of whether compensation will rise in real terms--if inflation abates further--remains to be answered.

3. The recent decline in faculty compensation (in real terms) is the most significant "saving" or "retrenchment" on the part of the institutions we have been able to identify.

4. Faculty compensation in the private institutions is overall about comparable to that in public institutions. Over the years since 1972-73, however, compensation has risen somewhat more rapidly in the public institutions than in the private institutions.

5. The percentage of faculty members on tenure increased in 1975-76 from about 57 to 60 percent, and the rate of separations from the faculty declined from about 10 to 9 percent.

6. In most of the institutions faculty work-loads and supporting services for faculty remained unchanged in 1975-76. However, more institutions reported increases in work-load than decreases.

7. Overall, there was probably no significant retrenchment in administrative and non-academic personnel in 1975-76.

8. Median wage and salary increases for administrative and non-academic employees were about 7 percent in 1975-76 as compared with a 6 percent increase in (average) compensation for faculty.

9. About one-fifth of the institutions reported collective bargaining covering technical and trade employees and other non-academic employees, but only four institutions (4 percent) reported collective bargaining covering faculty.

CHAPTER IV

EDUCATIONAL PROGRAM: CONTENT AND QUALITY

In preparing this second annual report, a special effort has been made to gather information about trends in the content and quality of the educational programs of the participating institutions. This information is of great interest in its own right. It is also of value because from it one can draw inferences about the financial condition of the private colleges and universities and also about the impact of any financial stringency upon the actual operating performance of the institutions.

Change in Program Content

In the first study, we asked the institutions to report on additions or expansions and deletions or contractions of programs. "Programs" included academic departments or majors, research activities, services for students, and academic support programs such as libraries and audio-visual centers, auxiliary enterprises, and public services. We had expected to find considerable retrenchment in programs; instead we found that additions and expansions exceeded deletions and contractions by ten to one. Amazingly, we found only one institution out of 80 respondents that had experienced net retrenchment of programs (see pp. 28-31 of the First Report).

We were cautious in interpreting these surprising data because our data merely indicated the number and direction of changes, not the dollar amounts involved. Moreover, we recognized that some of the changes represented defensive measures designed to hold students or to attract new clienteles and were not necessarily indicators of financial adequacy. Nevertheless, even after allowing for these factors, the overwhelming excess of program additions and expansions over deletions and contractions led us to suspect that little retrenchment was actually taking place.

In view of these findings, we have tried in the second study to gather much more information about changes in the content and quality of educational programs. The new data, which are generally consistent with the previous findings, are presented in this chapter.

Faculty: Qualifications, Competence, and Performance

Overwhelmingly, the institutions report improvement in the qualifications, competence, and performance of faculty. As shown in table 20, half or more of the institutions report that over the past two years the percentage of faculty with the Ph.D. has been increasing; that the general competence of new faculty exceeds that of those previously appointed; that the willingness of faculty to be innovative is growing; that faculties are increasingly concerned with teaching and advising students. Many institutions also report gains in research and scholarly productivity and in loyalty and commitment to the institutions. Finally, more than half the respondents summed up by reporting improvement in the general quality of faculty performance. Very few respondents said there was deterioration in any of these respects. These findings were quite similar for all four types of institutions. See appendix tables I and II.

TABLE 20

CHANGES IN QUALIFICATIONS, COMPETENCE, AND PERFORMANCE OF FACULTY, FOUR TYPES OF INSTITUTIONS COMBINED, 1974-75 and 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICERS*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Percentage of faculty with Ph.D. or equivalent	74%	21%	5%	--	100%
General competence of new additions to the faculty as compared to previous additions	66	31	3	--	100
Willingness of faculty to innovate	51	45	2	2	100
Concern for teaching	48	50	--	2	100
Concern for advising students	55	42	2	1	100
Productivity in research and scholarship	20	72	6	2	100
Loyalty and commitment to institution	21	69	7	3	100
General quality of faculty performance	55	41	2	2	100

*Based on responses from 81 of 100 institutions.

In table 20, the data were derived from reports of the chief academic officers (usually academic vice-presidents or deans). We also obtained comparable data independently from senior faculty members (usually chairpersons of academic senates or of major faculty committees). The responses of the professors were quite similar to those of the chief academic officers and tend to confirm the data in table 20. (See appendix table III.)

Different questions about faculty were asked of the presidents of the participating institutions. The responses are presented in table 21. A majority of the presidents reported that their institutions are "gaining ground" in the ability to attract and hold faculty, and few said they were losing ground. The responses are probably more a reflection of the weakness of the academic labor market than of the strength of the institutions. Nevertheless, the responses do suggest, given the condition of the labor market, that financial stringency has not impaired the capacity of the institutions to attract and hold faculty.

TABLE 21

RECENT TRENDS IN THE CAPACITY OF INSTITUTIONS TO ATTRACT AND HOLD FACULTY, AS REPORTED BY THE PRESIDENTS*

	Percentage of Reporting Institutions			
	Gaining Ground	Holding Our Own	Losing Ground	Total
Ability of the institution to hold faculty and attract new faculty				
Doctoral-granting universities	87%	13%	--	100%
Comprehensive universities and colleges	70	26	4	100
Liberal Arts Colleges I	44	52	4	100
Liberal Arts Colleges II	52	48	--	100
Four types of institutions combined	55	44	1	100
Morale or esprit de corps of faculty				
Doctoral-granting universities	25	75	--	100
Comprehensive universities and colleges	48	33	19	100
Liberal Arts Colleges I	36	56	8	100
Liberal Arts Colleges II	24	52	24	100
Four types of institutions combined	30	50	20	100

*Based on responses from 85 institutions.

Most of the presidents also reported that their institutions are "holding their own" or "gaining ground" in faculty morale. In a disturbingly large percentage (20 percent) of the institutions, however, faculty morale was said to be slipping. Most of the institutions with declining faculty morale were in the categories Comprehensive Universities and Colleges and Liberal Arts Colleges II.

Students: Qualifications, Competence, and Performance

As shown in chapter II (see table 6), the academic qualifications of the students admitted to private colleges, as measured by rank in high school class, have on the average declined just perceptibly over recent years. And qualifications as measured by scores on scholastic aptitude tests have declined but in proportion to the nationwide decline in these average scores. From these facts one may infer that the private sector has slipped back very slightly in the academic potential of its students as compared with the whole higher educational system. To provide more detailed information, we asked the institutions to comment on recent changes in the academic preparation, interests, and overall performance of their students. The responses are presented in table 22.

These data show a distressing deterioration in the preparation of students in reading, writing, and mathematics. Nearly half the respondents reported a decline in reading skills, 60 percent a decline in writing skills, and 33 percent a decline in mathematical proficiency. Few institutions reported gains in these basic skill areas. These changes were common to all four types of institutions (see appendix table IV). Also, they were reported independently by the chief student personnel officers and senior faculty members as well as by the chief academic officers (see appendix table V). These data undoubtedly reflect a nationwide deterioration of preparation in the basic academic skills and not a special weakness of students recruited into the private sector. In contrast, preparation in the humanities, social studies, and science appeared to be holding steady. The majority of respondents reported no change and the number indicating deterioration was about balanced by the number reporting improvement (see table 22 and also appendix tables IV and V).

Table 22 shows another striking change in students during recent years, namely, the enormous shift in their orientation toward careers, toward consciousness about grades and credentials, and away from liberal learning. Almost all of the respondents said they had observed a marked increase in career interest and more than half said that interest in liberal learning was waning. (See also appendix tables VI and IX.) This trend is also general throughout higher education and not peculiar to the private sector. However, this trend may be especially disturbing to the private sector because, on the whole, liberal education has been its principal stock in trade.

We asked the presidents about institutional policy relating to liberal education. The overwhelming majority said that historically their institutions have emphasized liberal education and also reported that this emphasis is either increasing or holding steady. However, a

TABLE 22

CHANGES IN ACADEMIC PREPARATION, INTERESTS, AND OVERALL PERFORMANCE OF STUDENTS, FOUR TYPES OF INSTITUTIONS COMBINED, 1974-75 and 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICERS*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Preparation of students admitted to the institution					
Reading skills	8%	44%	45%	3%	100%
Writing skills	8	29	60	3	100
Mathematics	12	49	33	6	100
Humanities and social studies	12	65	10	13	100
Science	11	61	17	11	100
Interests of enrolled students					
Orientation toward careers	88	11	--	1	100
Orientation toward liberal learning	5	40	53	2	100
Grade and credential consciousness	57	41	--	2	100
Participation in extra-curricular activities	22	58	16	4	100
Interest in contemporary public affairs	13	49	31	7	100
Political activism	1	49	45	5	100
Loyalty to institution	21	63	12	4	100
Overall academic performance of enrolled students					
Conscientious work	47	42	10	1	100
General academic achievement	40	40	16	4	100

*Based on responses from 81 of 100 institutions.

substantial minority, 14 percent, reported that the emphasis is declining. Of these, most viewed this change with equanimity indicating that it keeps the institution abreast of the times and is not necessarily harmful (see table 23). These responses of the presidents suggest that there may be some disjunction between the career interests of students and the policy of the institutions to maintain or even increase the emphasis on liberal education. Far be it from the authors, who are dedicated to the concept of liberal education, to suggest that the private colleges and universities should retreat from their historic emphasis on liberal education because of what might turn out to be a temporary defection from liberal learning. On the other hand, many institutions, especially liberal arts colleges, are concerned about meeting the legitimate career interests of students (and prospective students) without compromising their commitment to liberal education. Many private institutions are probably in a position of disequilibrium and uncertainty over this issue.

Referring again to table 22 (and also to appendix table VII), participation in extracurricular activities has gained a little in the past two years, interest in contemporary public affairs and political activism have declined, and student loyalty to institutions has increased slightly. As shown in appendix table VII, these trends have varied somewhat among the four different types of institutions. Incidentally, many institutions report that the use of drugs by students is diminishing and that the use of alcoholic beverages is increasing.

The above detailed evidence about the academic preparation and interests of students is somewhat mixed. However, one cannot infer from it that the position of the private sector as to the qualifications of its students is deteriorating (relative to the higher educational system as a whole). To be sure, the private sector is sharing in well-known trends that are common to all of higher education--especially the decline in basic skills and the increasing interest in careers--but it is doubtful that it is losing ground as compared to the rest of higher education. Moreover, a surprising number (40 to 47 percent) of institutions reported an increase in the conscientious work of students and in their general academic achievements (see table 22). Few reported any decline in these respects. These responses were common to all four types of institutions (appendix table VIII) and there was agreement on the matter among the chief academic officers, the chief student personnel officers, and the senior faculty members (appendix table IX). Also, a large majority of the presidents expressed considerable confidence (table 24) concerning the position of their institutions with respect to ability to compete for students, qualifications and preparation of students admitted, student morale, and rates of retention. It is notable, however, that about 20 percent of the presidents thought their institutions were losing ground in ability to attract students and in the qualifications of admitted students; whereas, only 3 percent thought they were losing ground in student morale and 8 percent in student retention (table 24). The problem of student recruitment as to numbers and quality appeared to be especially worrisome

TABLE 23

RESPONSES OF THE PRESIDENTS TO QUESTIONS ABOUT THE ROLE OF THEIR INSTITUTIONS IN LIBERAL EDUCATION*

	Doctoral-Granting Universities	Comprehensive Colleges and Universities	Liberal Arts Colleges I	Liberal Arts Colleges II	Four Types of Institutions Combined
Has your institution historically emphasized liberal education in its undergraduate programs?					
Yes	87%	93%	96%	92%	93%
No	13	7	4	8	7
Total	100%	100%	100%	100%	100%
Is the relative emphasis on liberal education now?					
Decreasing	25%	4%	16%	16%	14%
Remaining about constant	13	33	4	28	24
Increasing	62	63	80	56	62
Total	100%	100%	100%	100%	100%
If the relative emphasis is decreasing, do you regard this as:					
An improvement in the education offered	--	11%	--	--	2%
A necessary step to keep the institution abreast of the times and not necessarily harmful	--	78	100%	100%	93
A change that was forced upon the institution and represents a decline in its quality of social usefulness	--	11	--	--	2

*Based on responses from 85 of 100 institutions.

TABLE 24

RECENT TRENDS IN FACTORS RELATING TO THE CAPACITY OF THE INSTITUTIONS TO ATTRACT AND HOLD STUDENTS, AS REPORTED BY THE PRESIDENTS*

	Gaining Ground	Holding Our Own	Losing Ground	Don't Know	Total
Ability of the institution to compete for students					
Doctoral-Granting Universities	87%	--	13%	--	100%
Comprehensive Universities and Colleges	38	42%	19	--	100
Liberal Arts Colleges I	28	44	28	--	100
Liberal Arts Colleges II	48	32	20	--	100
Four types of institutions combined	44	35	21	--	100
Qualifications in ability and preparation of students admitted					
Doctoral-Granting Universities	63	25	12	--	100
Comprehensive Universities and Colleges	33	56	11	--	100
Liberal Arts Colleges I	12	60	28	--	100
Liberal Arts Colleges II	24	56	20	--	100
Four types of institutions combined	31	51	18	--	100
Morale or esprit de corps of students					
Doctoral-Granting Universities	63	37	--	--	100
Comprehensive Universities and Colleges	56	44	--	--	100
Liberal Arts Colleges I	48	48	4	--	100
Liberal Arts Colleges II	60	36	4	--	100
Four types of institutions combined	58	39	3	--	100
Retention of students once admitted					
Doctoral-Granting Universities	50	12	25	13	100
Comprehensive Universities and Colleges	52	37	11	--	100
Liberal Arts Colleges I	36	60	4	--	100
Liberal Arts Colleges II	40	52	8	--	100
Four types of institutions combined	42	50	8	--	100

*Based on responses from 85 of 100 institutions.

among the presidents of Liberal Arts Colleges I and the problem of retention appeared to be a concern for some of the Doctoral-Granting Universities.[1]

Instruction: Methods and Quality

In response to questions about educational methods, half or more of the institutions reported increases in newer or non-traditional forms of instruction including various forms of independent study, mechanized instruction, experiential learning, etc. (See table 25.) Scarcely any institution reported a decline in innovative forms of teaching-learning. The extent of innovation appeared to be greater among Liberal Arts Colleges II than among other types of institutions (see appendix tables X and XI). These data strongly suggest that a kind of instructional revolution is taking place. They certainly are not consistent with the allegation sometimes heard that private colleges lack innovative capacity. Doubtless, the widespread interest in instructional change is stimulated by the economic insecurity of private institutions as they endeavor to attract and serve new kinds of students as well as to retain their traditional clienteles.

Apparently, as shown in table 25 (see also appendix tables XI and XIII) there is no systematic tendency to substitute teaching assistants, adjunct faculty, and other part-time faculty for regular full-time faculty. However, nearly half the institutions report an increase in average class size. This finding is consistent with the small increase in the student-faculty ratio (table 11) and in faculty teaching loads (table 16). In view of the smallness of these increases, however, we doubt that the rise in average class size has been substantial.

Regarding general academic quality of the institutions, about a quarter of the respondents reported an increase in academic rigor. But in judging the "overall quality of the learning environment," 47 percent believed that it had improved in the last two years, 47 percent that it had remained unchanged, and only 5 percent that it had deteriorated (table 25 and appendix tables XII and XIII).

In commenting on the educational programs of their institutions, more than half the presidents thought their institutions were gaining ground in their capacity for educational innovation and in the quality of instruction offered (table 26). Most of the rest thought they were holding their own. About 14 percent thought they were losing ground in capacity to innovate but only 3 percent thought the quality of instruction was deteriorating.

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[1] The sample of these institutions is too small to allow solid inferences.

TABLE 25

TRENDS IN METHODS AND QUALITY OF INSTRUCTION, FOUR TYPES OF INSTITUTIONS COMBINED, 1974-75 and 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICERS*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Amount of laboratory-studio instruction (vs. lecture-discussion)	30%	69%	--	1%	100%
Innovative teaching methods such as audio-visual, computer assisted, modular systems, personalized instruction, etc.	67	29	3%	1	100
Traditional independent study such as research projects, reading courses, senior theses, etc.	50	46	3	1	100
Non-traditional independent study such as credit by examination, experiential learning, extended degree programs, etc.	49	50	--	1	100
Experiential learning programs such as combined work-study, clinical training, internships, etc.	72	27	--	1	100
Percentage of classes taught by regular full-time members of the faculty (as distinct from teaching assistants, adjunct faculty, and other part-time faculty)	15	68	17	--	100
Average class size	47	34	18	1	100
Rigor in assessing student performance	24	63	12	1	100
Rigor of academic standards	30	56	13	1	100
Overall quality of learning environment	47	47	5	1	100

*Based on responses from 81 of 100 institutions.

TABLE 26

RECENT TRENDS IN EDUCATIONAL INNOVATION AND INSTRUCTIONAL QUALITY, AS REPORTED BY PRESIDENTS*

	Percentage of Reporting Institutions			
	Gaining Ground	Holding Our Own	Losing Ground	Total
Capacity for educational innovation				
Doctoral-Granting Universities	37%	50%	13%	100%
Comprehensive Universities and Colleges	56	41	4	100
Liberal Arts Colleges I	28	68	4	100
Liberal Arts Colleges II	60	20	20	100
Four types of institutions combined	53	33	14	100
Quality of instruction offered				
Doctoral-Granting Universities	50	50	--	100
Comprehensive Universities and Colleges	70	30	--	100
Liberal Arts Colleges I	40	60	--	100
Liberal Arts Colleges II	56	40	4	100
Four types of institutions combined	55	42	3	100

*Based on responses from 85 of 100 institutions.

Student Services

On the whole, student services appear to be expanding. Three-quarters of the institutions had expanded career counseling, nearly two-thirds had expanded career placement, about half had expanded programs for women, around a third had expanded psychological counseling and health services, and about a fifth had expanded programs for minorities. Few institutions reported retrenchment in student services (see table 27). There were minor variations among the four types of institutions (see appendix table XIV), but in general expansion was common to all four.

General Assessment of Condition by the Presidents

The presidents were asked to give their assessments of the condition of their institution with respect to several specific characteristics and also to give a broad general appraisal. The results are shown in tables 28 and 29. These data can only be interpreted as indicating that the overwhelming majority of presidents believe their institutions are either "holding their own" or "gaining ground." This is true for all four types of institutions.

TABLE 27

CHANGES IN STUDENT SERVICES, FOUR TYPES OF INSTITUTIONS COMBINED, 1974-75 and 1975-76, AS REPORTED BY CHIEF STUDENT PERSONNEL OFFICERS*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Career counseling					
Available services	74%	25%	1%	--	100%
Frequency of use	75	20	4	1%	100
Quality of services	75	24	1	—	100
Career placement					
Available services	55	44	1	—	100
Frequency of use	68	25	4	3	100
Quality of services	63	35	1	1	100
Programs for women					
Available services	58	40	1	1	100
Frequency of use	48	45	5	2	100
Quality of services	46	45	5	4	100
Programs for minorities					
Available services	17	74	6	3	100
Frequency of use	22	63	8	7	100
Quality of services	25	60	9	6	100
Psychological counseling					
Available services	36	56	8	--	100
Frequency of use	43	43	12	4	100
Quality of services	40	54	3	3	100
Health services					
Available services	25	69	5	1	100
Frequency of use	37	46	12	5	100
Quality of services	30	66	1	3	100

*Based on responses from 79 of 100 institutions.

TABLE 28

ASSESSMENTS BY THE PRESIDENTS OF RECENT TRENDS IN THE CONDITION OF THEIR INSTITUTIONS, BY SPECIFIC CHARACTERISTICS*

	Percentage of Reporting Institutions				
	Gaining Ground	Holding Our Own	Losing Ground	Don't Know	Total
General sense of community or collegiality of the whole institution	45%	40%	15%	--	100%
Capacity of the institution for self-renewal and adjustment to changing conditions	52	43	5	--	100
Institutional autonomy or capacity for inner direction	29	63	8	--	100
Distinctiveness of the institution as compared with publicly sponsored institutions	60	36	3	1	100
Attractiveness of the institution to students as compared with publicly sponsored institutions (aside from differences in tuitions and fees)	30	28	30	12	100
Distinctiveness of the institution as compared with other privately sponsored institutions	35	61	3	1	100
Active interest of alumni	66	22	12	--	100
Financial contributions of alumni	65	27	8	--	100
Capacity to hold the interest of strong trustees and to attract new ones	54	45	--	1	100

*Based on responses from 85 of 100 institutions.

TABLE 29

BROAD GENERAL ASSESSMENTS BY THE PRESIDENTS OF RECENT TRENDS IN THE CONDITION OF THEIR INSTITUTIONS

	Percentage of Reporting Institutions				
	Gaining Ground	Holding Our Own	Losing Ground	Don't Know	Total
Financial condition					
Doctoral-Granting Universities	50%	50%	--	--	100%
Comprehensive Universities and Colleges	22	56	22%	--	100
Liberal Arts Colleges I	32	48	20	--	100
Liberal Arts Colleges II	48	32	20	--	100
Four types of institutions combined	41	39	20	--	100
Academic condition					
Doctoral-Granting Universities	75	25	--	--	100
Comprehensive Universities and Colleges	69	31	--	--	100
Liberal Arts Colleges I	40	60	--	--	100
Liberal Arts Colleges II	56	44	--	--	100
Four types of institutions combined	56	44	--	--	100
Student services					
Doctoral-Granting Universities	38	62	--	--	100
Comprehensive Universities and Colleges	52	37	11	--	100
Liberal Arts Colleges I	48	48	4	--	100
Liberal Arts Colleges II	52	44	4	--	100
Four types of institutions combined	51	44	5	--	100
Facilities and equipment					
Doctoral-Granting Universities	75	13	12	--	100
Comprehensive Universities and Colleges	44	41	15	--	100
Liberal Arts Colleges I	60	24	16	--	100
Liberal Arts Colleges II	32	40	28	--	100
Four types of institutions combined	40	37	23	--	100
General environment for students					
Doctoral-Granting Universities	75	25	--	--	100
Comprehensive Universities and Colleges	52	48	--	--	100
Liberal Arts Colleges I	48	48	4	--	100
Liberal Arts Colleges II	36	60	4	--	100
Four types of institutions combined	42	55	3	--	100
Public service activities					
Doctoral-Granting Universities	63	37	--	--	100
Comprehensive Universities and Colleges	56	37	4	4	100
Liberal Arts Colleges I	21	62	4	13	100
Liberal Arts Colleges II	56	40	--	14	100
Four types of institutions combined	51	43	1	5	100

*Based on responses from 85 of 100 institutions.

These data do reveal certain points of concern to a small minority of institutions: loss of collegiality, impairment of autonomy, competition of the public sector, diminution of alumni interest, inability to maintain and improve facilities and equipment, and of course finances. From 8 to 20 percent of the presidents reported that their institutions are "losing ground" with respect to these matters. But the greater majority of institutions appeared to be "holding their own" or "gaining ground" on all fronts.

Some of the questions to which responses are reported in table 29 were also asked in our first study. A comparison of the responses is shown in table 30. The assessments of financial condition have apparently improved a bit, the assessments of academic condition are a little less favorable than they were a year ago, and the position on student services has remained unchanged. From these comparisons, one cannot conclude that the condition of the private sector has appreciably worsened over the past year.

TABLE 30

COMPARISON OF BROAD GENERAL ASSESSMENTS BY THE PRESIDENTS
OF RECENT TRENDS IN THE CONDITION OF THEIR INSTITUTIONS,
1974-75 and 1975-76*

	Percentage, Reporting Institutions			
	Gaining Ground	Holding Our Own	Losing Ground	Total
Financial condition				
Assessment in 1974-75	30%	48%	22%	100%
Assessment in 1975-76	41	39	20	100
Academic condition				
Assessment in 1974-75	71	28	1	100
Assessment in 1975-76	56	44	--	100
Student services				
Assessment in 1974-75	52	45	3	100
Assessment in 1975-76	51	44	5	100

*Based on 89 responses in 1974-75 and 85 responses in 1975-76.

Expectations for 1976-77 and 1977-78

We gathered considerable information about the expectations of the respondents for the next two years. We are not presenting this information in detail because, overwhelmingly, the expectations turned out to be simply projections of the situation in the recent past and present. Few impending changes were projected. In general, the expectations tended toward optimism in the sense of suggesting improvement compared with present conditions.

Table 31 presents a sampling of the expectations of the chief academic officers, chief student personnel officers, and senior faculty members. Table 32 presents the expectations of the presidents. These data scarcely describe a group of educational leaders who are despondent or fearful.

TABLE 31

EXPECTATIONS FOR 1976-77 AND 1977-78 AS EXPRESSED BY OFFICIALS OF PARTICIPATING INSTITUTIONS*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
General Quality of Faculty Performance as Reported by:					
Chief academic officers	69%	26%	—	5%	100%
Senior faculty members	45	45	5%	5	100
General Academic Achievement of Students as Reported by:					
Chief academic officers	42	47	4	7	100
Chief student personnel officers	47	41	9	3	100
Senior faculty members	29	50	10	13	100
Rigor of Academic Standards as Reported by:					
Chief academic officers	53	40	5	2	100
Chief student personnel officers	45	50	1	4	100
Senior faculty members	33	45	17	5	100
Overall Quality of the Learning Environment as Reported by:					
Chief academic officer	66	26	3	5	100
Chief student personnel officers	63	31	3	3	100
Senior faculty members	48	37	7	8	100

*Based on responses from 79 or 81 of 100 institutions.

TABLE 32

EXPECTATIONS FOR THE NEXT FIVE YEARS AS EXPRESSED BY PRESIDENTS OF PARTICIPATING INSTITUTIONS*

	Percentage of Reporting Presidents				
	Doctoral-Granting Universities	Comprehensive Universities and Colleges	Liberal Arts Colleges I	Liberal Arts Colleges II	Four Types of Institutions Combined
Responses to the question: How do you view the outlook for your institution over the next five years?					
Will improve substantially	50%	27%	28%	52%	44%
Will improve a little	38	62	60	35	44
No change	12	8	--	9	7
Will slip a bit	--	4	12	4	5
Will deteriorate seriously	--	--	--	--	--
Total	100%	100%	100%	100%	100%

*Based on responses from 85 of 100 institutions.

Conclusions

The following conclusions are based on analysis of responses from the participating institutions regarding recent changes and the outlook for the future with respect to educational programs and general institutional condition. Responses were received from presidents (or chancellors), chief academic officers (academic vice presidents, provosts, and deans), chief student personnel officers (vice presidents for student affairs, deans of students), and senior faculty members (chairpersons of faculty senates or of major faculty committees).

1. As shown in our first study (pp. 28-31), new programs and expansion of existing programs have been far in excess of deletions and contractions.

2. Qualifications, competence, and performance of the faculty are improving with respect to percentage of faculty with Ph.D.s, general competence of new additions to the faculty as compared to previous additions, willingness to adopt innovations, concern for teaching, concern for advising students, productivity in research and scholarship, loyalty to the institution, and "general quality of performance." The ability of the institutions to hold faculties is increasing and the morale of the faculties is rising. The number of institutions in which deterioration in these respects is taking place is small except that nearly a quarter of the institutions in the categories Comprehensive Universities and Colleges and Liberal Arts Colleges II report that faculty morale is slipping.

3. In the ability to attract and hold students, the private sector appears to be holding its own. The qualifications of students as measured by rank in high school class are declining very slowly. The qualifications as measured by scholastic aptitude tests are declining but about in proportion to the (as yet unexplained) decline in these scores nationally. The preparation of admitted students in reading, writing, and mathematics is deteriorating, again as part of a national trend. Preparation in the humanities, social studies, and science is holding steady. Students are showing keen interest in careers and declining orientation toward liberal learning. Participation in extracurricular activities is not changing appreciably, interest in public affairs and political activism are on the decline, and student loyalty to the institutions is gaining slightly. In conscientious work and general academic achievement, students are showing significant improvement. These changes are mixed; they are greatly influenced by nationwide trends to which all of higher education is subject. On the basis of these results, however, one cannot conclude that the private sector is losing ground, relative to all of higher

education, in its power to attract students or in the quality and performance of its students. However, the flight away from liberal learning, if it should prove to be persistent, would be a serious threat to the private sector.

4. The private sector appears to be involved in a wave of innovation in methods of instruction. Many institutions report gains and few report deterioration in general quality of instruction.

5. Many institutions are expanding student services and few are contracting them.

6. A large majority of the institutions, in the opinion of their presidents, are "holding their own" or "gaining ground" in collegiality, capacity for self-renewal, autonomy, distinctiveness, capacity to attract students, and ability to interest alumni and trustees. Similarly, an overwhelming majority are "holding their own" or "gaining ground" in financial condition, academic condition, student services, facilities and equipment, general environment for students, and public service activities. However, about 20 percent report that they are losing ground financially and are experiencing deterioration in facilities and equipment. Interestingly, not a single president reported that his institution was losing ground academically.

7. The expectations of the institutions for the next several years, as expressed by the presidents and by other academic officers, were overwhelmingly optimistic. Not a single president reported that he thought his institution will deteriorate seriously in the next five years.

CHAPTER V

CURRICULAR OFFERINGS

A special study was made of the undergraduate course offerings of the 100 institutions in the sample. The purpose was to discover changes in academic programs that might reflect significant retrenchment and possibly deterioration of quality. The data were derived not from questionnaires but from the actual schedules of courses offered in the autumn semester or quarter of 1969-70 and 1975-76.

Table 33 shows the average number of undergraduate courses offered by institutions of various types in the autumn of 1969-70 and 1975-76. For each group of institutions the total number of courses offered was substantially larger in 1975-76 than in 1969-70. The percentage increases ranged from 15 to 35 percent. During this same period enrollments increased by 9 percent (see table 1). Thus, the growth in course offerings outpaced by a large margin the growth in enrollment.

TABLE 33

AVERAGE NUMBER OF UNDERGRADUATE COURSES OFFERED, BY TYPES OF INSTITUTIONS, 1969-70 and 1975-76

	1969-70	1975-76	Percentage Increase
Doctoral-Granting Universities	514	692	35%
Comprehensive Universities and Colleges			
Larger institutions[1]	370	474	28
Smaller institutions[1]	233	268	15
Both combined	347	439	27
Liberal Arts Colleges I	214	284	33
Liberal Arts Colleges II			
Predominantly white	148	177	20
Predominantly black	156	179	15
Both combined	149	177	19
Four types of institutions combined	301	388	29

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[1] The larger institutions include those with at least 2,000 students and at least two professional programs. The smaller institutions includes those with 1,500 to 2,000 students and at least one professional program. See Carnegie Commission on Higher Education, A Classification of Institutions of Higher Education, Berkeley, 1973, p. 2.

Table 34, which shows the expansions of enrollment since 1969-70 by disciplines, indicates that the expansion was shared by nearly all disciplines. In a few cases, there was no change: classics, French, Spanish, industrial arts, journalism, and nursing. In only one field, namely Russian, was there a decline in average number of courses offered.

TABLE 34

AVERAGE NUMBER OF UNDERGRADUATE COURSES OFFERED, BY DISCIPLINES, FOUR TYPES OF INSTITUTIONS COMBINED, 1969-70 and 1975-76

	1969 - 70	1975 - 76		1969 - 70	1975 - 76
Natural Science			Language and Literature		
Biology	10	14	Classics	6	6
Chemistry	9	10	English	17	20
General Science	2	3	French	7	7
Geology	4	6	German	5	6
Physics/Astronomy	9	10	Russian	4	3
Mathematics	13	15	Spanish	7	7
Social Science and Humanities			Other	5	7
Anthropology	4	5	Professional Fields		
Economics	8	9	Business/Accounting	23	29
Geography	4	6	Computer Science	4	6
History	13	16	Criminal Justice	-	3
Political Science	9	12	Education	22	29
Psychology	11	14	Engineering	28	33
Sociology	11	14	Home Economics	6	8
General Humanities	2	4	Industrial Arts	2	2
Philosophy	8	9	Interdisciplinary Studies	4	7
Religion	10	13	Journalism	8	8
Fine Arts			Law	3	5
Art	15	18	Library Science	1	2
Dance	5	8	Military Science	3	4
Music	23	35	Nursing	8	8
Speech/Drama	14	21	Physical Education	18	23

As would be expected, the institutions differed in the degree of course proliferation over the years since 1969-70. A frequency distribution showing the percentage changes in total number of undergraduate courses offered is presented in table 35. Only 7 percent of the institutions retrenched; at the other extreme, five institutions increased their course offerings by 60 percent or more.

TABLE 35

DISTRIBUTION OF INSTITUTIONS BY PERCENTAGE INCREASE IN NUMBER OF COURSES OFFERED, 1969-70 to 1975-76

Percentage Increase in Number of Courses Offered 1969-70 to 1975-76	Percentage of Institutions
-21 to -40%	2%
- 1 to -20	5
- 0 to +10	16
+11 to +30	38
+31 to +60	30
+60 and over	5
not reported	5
	100%

From these data, one does not get the impression that curricular retrenchment has been widespread or that academic quality has been eroded by reason of curricular cutbacks. Moreover, one cannot infer that the curricular expansion was unduly expensive in view of the fact that the ratio of students to faculty did not change appreciably. On the other hand, we do not imply that curricular expansion is necessarily associated with qualitative progress.

CHAPTER VI

OPERATING REVENUES AND EXPENDITURES

The current fund is the accounting vehicle for financing the regular ongoing operations of the institutions. Revenues to the current fund are the monies available to pay for current institutional operations, and expenditures from the current fund are those used to support ongoing instruction, administration, student aid, auxiliary enterprises, etc. Excluded from the current fund are those monies devoted to capital purposes (especially new buildings) endowment, and reserves. In this chapter we present data on current fund revenues and expenditures over the period 1970-71 through 1974-75.

A Note on Statistical Comparability

Because of changes in federal data collection forms, it has not been possible to secure strictly comparable information including the year 1969-70 which is the base year for most of the data in this study and including the latest year 1974-75. In our previous report, the statistics on current fund revenues and expenditures were based on figures derived from the Higher Education General Information Survey (HEGIS) of the U.S. Department of Health, Education, and Welfare. In the present report, the figures for 1973-74 and 1974-75 are derived directly from the audited financial statements of the institutions. In the future, we expect to continue to use the audited statements and thus to obtain information of higher accuracy and comparability over time. To effect this improvement, however, does present the problem of linking the earlier with the later data. We have tried to achieve the linkage in such a way as to avoid seriously misleading error.

Current Fund Revenue

Changes in current fund revenues over the period 1970-71 through 1974-75 are shown in table 36.[1] The table indicates that over the entire period total current fund revenues for all four types of institutions increased by 38 percent and that educational and general revenues increased by 41 percent. Over the same years, enrollment increased by 6 percent[2] and the price level rose by 30 percent (as measured by the

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[1] The data for the two years are not strictly comparable and tend to overstate the growth slightly.

[2] See table 1. The index number of enrollment in 1970-71 was 103 and in 1974-75 it was 109.

TABLE 36

CHANGES IN CURRENT REVENUES, 1970-71 THROUGH 1974-75, BY TYPES OF INSTITUTIONS

	Index Numbers 1970-71 = 100		Index Numbers 1973-74 = 100		Index Numbers 1970-71 = 100[3]	
	1970-71	1973-74	1973-74	1974-75	1970-71	1974-75
Doctoral-Granting Universities						
Educational and general revenues[1]	100	131	100	111	100	145
Total current revenues[2]	100	126	100	111	100	140
Comprehensive Universities and Colleges						
Educational and general revenues[1]	100	126	100	108	100	136
Total current revenues[2]	100	123	100	108	100	133
Liberal Arts Colleges I						
Educational and general revenues[1]	100	129	100	107	100	138
Total current revenues[2]	100	124	100	107	100	133
Liberal Arts Colleges II						
Educational and general revenues[1]	100	129	100	110	100	142
Total current revenues[2]	100	122	100	111	100	135
Four types of institutions combined						
Educational and general revenues[1]	100	129	100	109	100	141
Total current revenues[2]	100	125	100	110	100	138

[1] Educational and general revenues includes receipts from tuition and fees; governmental appropriations, grants, and contracts; private gifts and grants; endowment income; etc.

[2] Includes educational and general revenues plus revenues from auxiliary enterprises.

[3] The data for the two years are not strictly comparable because student aid revenues are included in the 1974-75 data but not in the 1970-71 data.

Consumer Price Index).[1] Thus, it appears that the growth in current fund revenues just about kept pace with enrollment growth and inflation, but provided little or no funds for educational improvement or for salary increases beyond those needed to keep up with inflation.

Prior to 1974-75, as indicated in our first report, private higher education had been able to keep slightly ahead of enrollment growth and inflation; but, in 1974-75, some ground was lost. In that year, enrollment grew by 1 percent and the Consumer Price Index rose by 11 percent, whereas educational and general revenues increased by only 9 percent and total current revenues by 10 percent (see table 36). The year 1974-75 was near the very peak of the recent inflationary spiral. It is perhaps understandable that the growth of revenues could not keep pace with increasing prices in that exceptional year. Rather, it is surprising that the growth of revenues came so close to keeping up with inflation.

The rate of growth of current revenues varied somewhat among the four types of institutions over the period 1970-71 through 1974-75. In particular, the Comprehensive Universities and Colleges and Liberal Arts Colleges I lagged behind the other groups.

Table 37 shows changes in the percentage distribution of educational and general (E and G) revenues by sources over the period since 1970-71. This table yields several important conclusions. First, contrary to common assumptions, the percentage of E and G revenue derived from tuitions and fees has not been increasing but rather has declined slightly. This development, though not dramatic, would be regarded by most observers as a favorable sign of strength. Second, the percentage of E and G revenue from endowment income, which had been declining for many years, held steady in 1974-75. Third, the percentage of E and G revenue from government sources has been increasing. Fourth, the private sector, especially Liberal Arts Colleges I and II, have been obtaining a relatively high proportion of their E and G revenues from private gifts and grants (11 percent on the average). This may be interpreted in two ways. On the one hand, the capacity to raise large amounts of gifts is a favorable sign; on the other hand, heavy dependence on gifts to balance the current budget is a possible indication of financial weakness. Gift income can be volatile from year to year and the necessity to use large amounts of gift income to finance current operations slows up the accumulation of endowment needed for the future.

Table 38 presents data on changes in educational and general revenue per student in both current and constant dollars. During the four years 1970-71 through 1973-74, the private sector was able to keep pace financially with enrollment growth and inflation as indicated by modest increases in expenditures per student as measured in constant dollars. In 1974-75, however, the private sector was unable to keep pace

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[1] The corresponding increase in the Higher Education Price Index was 29 percent.

TABLE 37

PERCENTAGE DISTRIBUTION OF EDUCATIONAL AND GENERAL REVENUES, 1970-71 through 1974-75

	Data from HEGIS Reports		Data from Audited Financial Statements	
	1970-71	1973-74	1973-74	1974-75
Doctoral-Granting Universities				
Tuitions and fees	63%	64%	57%	56%
Governmental appropriations, grants, and contracts	10	10	19	19
Private gifts and grants	6	6	12	12
Endowment income	5	5	5	5
Other	16	15	7	7
Total, E and G Revenues	100%	100%	100%	100%
Comprehensive Universities and Colleges				
Tuitions and fees	81%	76%	74%	73%
Governmental appropriations, grants, and contracts	3	7	10	11
Private gifts and grants	5	6	8	8
Endowment income	5	4	4	4
Other	6	7	4	4
Total, E and G Revenues	100%	100%	100%	100%
Liberal Arts Colleges I				
Tuitions and fees	67%	67%	63%	63%
Governmental appropriations, grants, and contracts	1	1	4	5
Private gifts and grants	11	12	14	13
Endowment income	15	14	14	13
Other	6	6	5	6
Total, E and G Revenues	100%	100%	100%	100%
Liberal Arts Colleges II				
Tuitions and fees	69%	65%	64%	62%
Governmental appropriations, grants, and contracts	3	3	11	12
Private gifts and grants	14	15	17	17
Endowment income	6	5	3	4
Other	8	12	5	5
Total, E and G Revenues	100%	100%	100%	100%
Four types of institutions combined				
Tuitions and fees	71%	68%	64%	63%
Governmental appropriations, grants, and contracts	6	8	14	15
Private gifts and grants	6	7	11	11
Endowment income	6	5	5	5
Other	11	12	6	6
Total, E and G Revenues	100%	100%	100%	100%

Note: Because of different classification systems, the data from HEGIS reports are not precisely comparable to those from audited financial statements.

TABLE 38

EDUCATIONAL AND GENERAL REVENUES PER STUDENT, 1970-71 THROUGH 1974-75, IN CURRENT AND CONSTANT DOLLARS

	Data from HEGIS Reports[3]				Data from Audited Financial Statements[4]	
	1970-71	1971-72	1972-73	1973-74	1973-74	1974-75
Current dollars						
Doctoral-Granting Universities	$3,103	$3,421	$3,413	$3,892	$4,496	$4,900
Comprehensive Universities and Colleges	2,346	2,378	2,527	2,843	2,818	3,046
Liberal Arts Colleges I	3,253	3,411	3,546	3,898	4,126	4,360
Liberal Arts Colleges II	2,061	2,270	2,456	2,733	2,876	3,163
Four types of institutions combined	2,694	2,865	2,960	3,355	3,340	3,623
Constant 1970-71 dollars[1]						
Doctoral-Granting Universities	3,103	3,296	3,140	3,293	3,833	3,758
Comprehensive Universities and Colleges	2,346	2,291	2,325	2,405	2,402	2,336
Liberal Arts Colleges I	3,253	3,286	3,262	3,298	3,517	3,344
Liberal Arts Colleges II	2,061	2,187	2,259	2,312	2,452	2,426
Four types of institutions combined	2,694	2,760	2,723	2,838	2,847	2,778
Consumer Price Index	100.0	103.6	107.7	117.3	117.3	130.4
Index of total enrollment[2]	100	104	104	104	104	105

[1] Deflated on the basis of Consumer Price Index.

[2] See table 1.

[3] Student aid revenues not included.

[4] Student aid revenues included.

with the unprecedented rate of inflation, and all four groups of institutions slipped financially in terms of E and G revenue per student. It remains to be seen if they can recover as the rate of inflation moderates.

Table 39 presents data on the percentage distributions of educational and general expenditures. Perhaps the main characteristic of these distributions is the stability of the expenditure patterns of the various groups of institutions. No drastic changes have occurred in recent years. However, significant changes have occurred in the expenditure patterns of the Liberal Arts Colleges II. The percentage spent for instruction and departmental research has declined slowly but steadily since 1970-71. Expenditures for libraries have also tended to decline. Since these two categories of expenditure support the central academic functions of the institutions, this slow but steady erosion must be viewed with concern. The offsetting increases have been in the percentages devoted to administration and student aid. The relative growth of these two items is probably due to efforts to bolster admissions, fund-raising, public relations, etc., and suggests weakness. The situation is more alarming because the 36 percent spent in 1974-75 for instruction and departmental research by the Liberal Arts Colleges II is far below the 42 to 44 percent spent by the other categories of institutions; similarly, the 33 percent spent by the Liberal Arts Colleges II for administration and the 14 percent spent for student aid is far above the percentages spent for these same purposes by the other institutional groups.

Surpluses and Deficits

In considering the financial position of colleges and universities attention is often focused on current fund deficits. The preoccupation with deficits is to some extent misplaced because the amount of deficits or surpluses can sometimes be determined by managerial decisions or governing board rules as to the allocation of gifts between current operations on the one hand and capital, endowment, or reserves on the other. Frequently, institutions show deficits in the same year that they accumulate large capital or endowment funds; or they show surpluses when they have been drawing down capital by providing inadequate reserves. Yet surpluses or deficits are not wholly meaningless in that most institutions try very hard to balance their current budgets and a deficit is usually (though not always) a sign of at least temporary stringency. Persistent deficits are almost always a sign of financial distress.

The most significant question relating to the interpretation of deficits is the amount of current gifts that may prudently be assigned to current operating revenues. In table 37, we show that in 1974-75 the four groups of institutions obtained the following percentages of educational and general revenues from private gifts:

Doctoral-Granting Universities	12%
Comprehensive Universities and Colleges	8%
Liberal Arts Colleges I	13%
Liberal Arts Colleges II	17%

TABLE 39

PERCENTAGE DISTRIBUTION OF EDUCATIONAL AND GENERAL EXPENDITURES, 1970-71 through 1974-75

	Data from HEGIS Reports		Data from Audited Financial Statements	
	1970-71	1973-74	1973-74	1974-75
Doctoral-Granting Universities				
Instruction and departmental research	45%	44%	43%	44%
Sponsored research	--	--	14	13
Libraries	5	5	4	4
Student services	--	--	5	5
General administration	--	--	5	5
General institutional support	--	--	10	10
Administration sub-total[1]	20	21	20	20
Plant operation and maintenance	11	9	9	9
Student aid	9	8	8	8
Other[2]	10	13	2	2
Total	100%	100%	100%	100%
Comprehensive Universities and Colleges				
Instruction and departmental research	44%	44%	44%	43%
Sponsored research	--	--	6	6
Libraries	5	4	4	4
Student services	--	--	6	6
General administration	--	--	6	6
General institutional support	--	--	11	11
Administration sub-total[1]	24	24	23	23
Plant operation and maintenance	11	11	10	11
Student aid	10	11	11	11
Other[2]	6	6	2	2
Total	100%	100%	100%	100%

TABLE 39 (Continued)

	Data from HEGIS Reports		Data from Audited Financial Statements	
	1970-71	1973-74	1973-74	1974-75
Liberal Arts Colleges I				
Instruction and departmental research	42%	40%	41%	42%
Sponsored research	--	--	1	1
Libraries	4	5	5	5
Student services	--	--	9	9
General administration	--	--	6	6
General institutional support	--	--	10	11
Administration sub-total[1]	26	27	25	26
Plant operation and maintenance	11	12	12	12
Student aid	11	12	12	11
Other[2]	6	4	4	3
Total	100%	100%	100%	100%
Liberal Arts Colleges II				
Instruction and departmental research	41%	36%	37%	36%
Sponsored research	--	--	2	1
Libraries	5	4	4	4
Student services	--	--	9	9
General administration	--	--	8	9
General institutional support	--	--	14	15
Administration sub-total[1]	27	29	31	33
Plant operation and maintenance	10	11	11	11
Student aid	11	12	13	14
Other[2]	6	8	2	1
Total	100%	100%	100%	100%

TABLE 39 (Continued)

	Data from HEGIS Reports		Data from Audited Financial Statements	
	1970-71	1973-74	1973-74	1974-75
Four types of institutions combined				
Instruction and departmental research	44%	43%	43%	42%
Sponsored research	—	—	10	9
Libraries	5	5	4	4
Student services	—	—	6	6
General administration	—	—	5	6
General institutional support	—	—	11	11
Administration sub-total[1]	22	23	22	23
Plant operation and maintenance	11	10	10	10
Student aid	10	10	9	10
Other[2]	8	9	2	2
Total	100%	100%	100%	100%

[1] Includes student services, general administration, and general institutional support.

[2] Includes sponsored research.

The judgment of the authors is that figures as high as 17 percent, or one-sixth of educational and general revenue may be a sign of financial weakness--except in institutions having large resources or unusually dependable donors of current gifts. Such a high percentage may invite future trouble if economic conditions should worsen or if the attitudes of donors should turn sour. The use of gifts to this extent for current operations may be a mortgaging of the future by slowing up the accumulation of endowment and physical capital. However, we are not prepared to argue that institutions should use no gift income for current operations, and we recognize that prudent amounts may vary among institutions according to their circumstances.

Having made these observations about the varying interpretations of the concepts surplus and deficit, we attempted to measure the aggregate surpluses and deficits based on our sample of institutions. For this purpose our definition was simply total current revenues (including whatever gifts the institutions counted) minus total current expenditures. If the difference was positive it was called a surplus; if negative, a deficit. We then expressed each surplus (+) or deficit (-) as a percentage of total current expenditures.

Our last caution about the data on surpluses and deficits must be mentioned. Surpluses and deficits tend to be small residuals from large amounts of revenue and expenditure. They therefore tend to be volatile in the sense that statistical errors that are small relative to total revenues and expenditures can result in wide fluctuations in the residual surpluses and deficits.

Our estimates of the consolidated current fund deficits and surpluses, by types of institutions, are shown in table 40. The data for 1970-71 through 1973-74 are based on different definitions from the data for 1973-74 and 1974-75. The trends for the two sets of data are, however, roughly consistent. Beginning in 1970-71, deficits were apparently so common that three of the institutional groups were in the red. Improvement occurred over the next three years except for the Liberal Arts Colleges II which reentered the deficit column in 1973-74. This situation was turned around in 1974-75 and in that year all four groups of institutions achieved surpluses.[1] From these data one cannot draw the conclusion that the institutions were financially affluent but one can reasonably conclude that no disastrous change in their fortunes occurred in 1974-75 and that they enjoyed prudent financial management.

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[1] These surpluses were before non-mandatory transfers from other funds to the current fund and from the current fund to other funds. When these transfers had been accomplished, the final surpluses and deficits were negligible as a percentage of current expenditures.

TABLE 40

CONSOLIDATED CURRENT FUND SURPLUS (+) OR DEFICIT (-) AS PERCENTAGE OF TOTAL CURRENT FUND EXPENDITURES, 1970-71 through 1974-75

	Data from HEGIS Reports[1]				Data from Audited Financial Statements[2]	
	1970-71	1971-72	1972-73	1973-74	1973-74	1974-75
Doctoral-Granting Universities	- 2.5%	- 0.5%	- 0.9%	+ 0.2%	+ 1.9%	+ 1.2%
Comprehensive Universities and Colleges	+ 5.7	+ 4.1	+ 3.0	+ 3.7	+3.8	+ 1.0
Liberal Arts Colleges I	- 0.6	+ 1.6	+ 1.4	+ 2.8	+ 3.4	+ 1.7
Liberal Arts Colleges II	- 0.8	+ 0.3	+ 0.1	- 1.5	- 0.3	+ 0.4
Four types of institutions combined	+ 0.4	+ 1.2	+ 0.6	+ 1.3	+ 2.3	+ 1.1

[1] Refers to educational and general expenditures and auxiliary enterprises but excludes mandatory transfers for amortization of debt and for other purposes.

[2] Refers to consolidated current fund including educational and general expenditures, auxiliary enterprises, and mandatory transfers for amortization of debt and other purposes.

Conclusions

From the analysis of current fund revenues and expenditures some tentative conclusions about the financial position of private higher education can be drawn. The comparability of our data over time has been diminished by the necessity to change sources of data and accounting definitions. Nevertheless, a reasonably clear picture emerges.

1. During the period 1970-71 through 1973-74, current revenues kept pace with enrollment growth and inflation. In 1974-75, however, inflation was so rapid that current revenues failed by a small margin to keep pace. In that year, enrollment grew by 1 percent and the Consumer Price Index rose by 11 percent, whereas educational and general revenues increased by 9 percent and total current revenues by 10 percent. In view of the swiftness of inflation in 1974-75, it is not surprising that the revenues of private higher education failed to keep pace. It will be interesting to see if the situation improves as inflation slows down in 1975-76.

2. For current revenues merely to keep pace with enrollment growth and inflation is not sufficient to ease the financial position of private higher education. This rate of increase allows little room for improvement in educational quality or increases in faculty and staff salaries beyond cost-of-living adjustments.

3. The Liberal Arts Colleges I and the Comprehensive Universities and Colleges lagged somewhat behind the other groups in growth of current revenues in 1974-75.

4. The proportion of current revenues derived from tuitions and fees has not increased, as is commonly assumed, but has declined slightly. The proportion of current revenues from endowment income, which had been declining steadily over many years, held steady in 1974-75. These would ordinarily be interpreted as favorable signs. On the other hand, the private institutions, especially the Liberal Arts Colleges I and II, have been obtaining a relatively high proportion of their current revenues from private gifts and grants. This may be a sign of financial weakness.

5. Patterns of current expenditure by purpose have remained relatively constant. However, one disturbing trend among the Liberal Arts Colleges II, a trend which continued in 1974-75, is the decline in proportion of current expenditures devoted to instruction and departmental research. This trend is coupled with a long-run tendency toward reduction in the percentage of expenditures devoted to sponsored research and libraries. Accompanying these developments is a tendency toward a growing proportion of current expenditure devoted to administration and student aid. These trends suggest a slow and steady attrition of academic strength among the Liberal Arts II group.

6. Since 1970-71, the budgetary situation as measured by deficits has on the whole improved. In 1974-75, all four groups of institutions achieved a position of surplus. This may be more a reflection of prudent financial management than of affluence.

Our general appraisal based on the data presented in this chapter is that some ground was lost in the financial position of the private sector in 1974-75. The year 1974-75 was at the very peak of the recent inflationary spiral; it is not surprising that revenues failed to keep pace with rising prices. Nevertheless, on the whole, budgets remained in balance. It is to be hoped that in the present year, 1975-76, when inflation has been abating and the economy has been improving, the ground lost by the private institutions in the previous years will be regained.

CHAPTER VII

ASSETS, LIABILITIES, AND NET WORTH

Data on assets, liabilities, and net worth were obtained from the audited financial statements of the institutions.

The art of analyzing the balance sheets of colleges is in its infancy. Because of the valuation of assets at book value, the practice of most colleges and universities to ignore depreciation, the difficulty of reconciling the two purposes of accounting--fiduciary and managerial--and the fuzziness of institutional use of restricted and unrestricted assets, balance sheet data are soft and difficult to interpret. Yet, at least in principle, they are important to financial analysis of academic institutions.

Trends in Assets, Liabilities, and Net Worth

Changes in the consolidated balance sheets of our sample of institutions are shown in table 41. Over the period since 1969-70, total assets increased by 30 percent and net assets by 31 percent. During the same period, enrollments grew by 9 percent and the Consumer Price Index rose by 37 percent. Thus, it is clear that the book value of assets failed to keep pace with the combined effect of enrollment growth and inflation. This conclusion is scarcely surprising in a period of accelerating inflation. Since assets are not revalued in current dollars, one should not expect them to grow in proportion to increases in the price level.

The liabilities shown in balance sheets are fixed obligations and the dollar amounts do not change with fluctuations in the price level. As a result, in an inflationary period the relative burden of debt tends to decline. As is shown in table 41, the growth of liabilities over the six-year period was slower than the rate of inflation and also slower than the growth in assets at book value, and so the net position of the institutions probably improved. As a result, fund balances (roughly comparable to net worth) increased more rapidly than assets reflecting a gain in the percentage of assets owned by the institutions without encumbrance.

TABLE 41

CHANGES IN ASSETS, LIABILITIES, AND FUND BALANCES, FOUR TYPES OF INSTITUTIONS COMBINED, END OF FISCAL YEARS 1969-70 TO 1974-75

(Index Numbers: 1969-70 = 100)

	1969-1970	1970-1971	1971-1972	1972-1973	1973-1974	1974-1975
Assets:						
Current	100	106	116	119	122	127
Endowment	100	103	110	116	122	121
Plant	100	106	113	118	125	132
Other	100	109	121	137	149	163
Total Assets	100	106	113	118	125	130
Interfund borrowing	100	95	117	97	100	109
Net Assets	100	106	113	119	126	131
Liabilities:						
Current	100	100	108	107	113	120
Plant	100	105	113	111	117	120
Other	100	107	106	117	164	137
Total Liabilities	100	104	111	113	118	120
Fund Balances:						
Current	100	120	134	149	145	146
Endowment	100	103	110	117	121	121
Plant	100	107	113	121	127	137
Loan	100	112	127	144	154	175
Annuity and life	100	102	110	122	129	140
Total Fund Balances	100	106	113	121	127	133

Tables 42, 43, 44, and 45 show six-year trends in assets, liabilities, and net worth for each of the four types of institutions. Generally, the trends were quite similar for the four groups. However, interfund borrowing and current liabilities both increased more rapidly for the Liberal Arts Colleges II than for the other three groups. Growth of interfund borrowing is a mark of financial weakness because it usually signifies that institutions have been forced to borrow from endowment or plant funds to finance current operations. Growth of current liabilities is also a sign of weakness because it reflects an increase in borrowing to meet current obligations or a slowing-up in the payment of ongoing obligations.

Recent Changes

In the most recent year, 1974-75, the rate of growth of assets slowed down (table 41). Whereas in prior years the annual rate of growth had been 6 or 7 percent a year, in 1974-75 it dropped to 4 percent. This drop was due primarily to a decline in the rate of growth of endowment and represents some retardation of financial progress. At the same time, however, there was an even greater slowing of the growth of liabilities, so from the standpoint of debt there was financial improvement.

Table 46 (derived from tables 41 through 45) gives a quick summary of various changes in the financial position of the private sector that occurred in 1974-75. The most noteworthy changes were the large increase in interfund borrowing and current liabilities in the Doctoral-Granting Universities, the large rise in current liabilities among the Liberal Arts Colleges II, and the relative financial progress of the Comprehensive Universities and Colleges and the Liberal Arts Colleges I in holding down or reducing their interfund borrowing and current liabilities.

Percentage Distributions

Table 47 shows percentage distributions of assets, liabilities, and fund balances for the years 1973-74 and 1974-75. These percentages were remarkably stable over the two years. In our previous report, we found the same stability over a five-year period from 1969-70 to 1973-74. During the past year, for all four types of institutions combined, there was a decline in endowment and an increase in plant as a percentage of total assets. Interfund borrowing was up slightly. It continued to represent a tiny fraction of total assets, though it is a substantial fraction of current assets. Current liabilities were also up significantly.

TABLE 42

CHANGES IN ASSETS, LIABILITIES, AND FUND BALANCES
DOCTORAL-GRANTING UNIVERSITIES,
END OF FISCAL YEARS 1969-70 TO 1974-75
(Index Numbers: 1969-70 = 100)

	1969-1970	1970-1971	1971-1972	1972-1973	1973-1974	1974-1975
Assets:						
Current	100	108	115	113	112	122
Endowment	100	103	110	117	123	120
Plant	100	105	112	116	124	133
Other	100	106	116	135	149	164
Total Assets	100	105	111	117	124	129
Interfund borrowing	100	83	122	95	84	111
Net Assets	100	106	112	118	125	129
Liabilities:						
Current	100	102	108	101	102	111
Plant	100	102	110	107	121	128
Other	100	97	90	100	151	118
Total Liabilities	100	102	108	104	116	122
Fund Balances:						
Current	100	123	134	145	139	149
Endowment	100	104	111	118	123	121
Plant	100	106	112	119	126	134
Loan	100	111	127	148	158	167
Annuity and life	100	95	99	119	134	141
Total Fund Balances	100	106	113	120	126	131

TABLE 43

CHANGES IN ASSETS, LIABILITIES, AND FUND BALANCES
COMPREHENSIVE UNIVERSITIES AND COLLEGES,
END OF FISCAL YEARS 1969-70 TO 1974-75
(Index Numbers: 1969-70 = 100)

	1969-1970	1970-1971	1971-1972	1972-1973	1973-1974	1974-1975
Assets:						
Current	100	100	112	126	137	130
Endowment	100	100	108	108	114	117
Plant	100	108	116	121	126	133
Other	100	111	125	140	152	162
Total Assets	100	106	115	120	126	132
Interfund borrowing	100	98	104	75	90	80
Net Assets	100	106	115	122	127	133
Liabilities:						
Current	100	90	104	109	125	126
Plant	100	109	115	114	114	114
Other	100	118	118	133	153	120
Total Liabilities	100	106	114	114	117	116
Fund Balances:						
Current	100	122	132	166	166	140
Endowment	100	99	107	107	113	118
Plant	100	108	116	125	132	141
Loan	100	112	127	142	153	187
Annuity and life	100	107	120	133	131	138
Total Fund Balances	100	106	115	122	130	137

TABLE 44

CHANGES IN ASSETS, LIABILITIES, AND FUND BALANCES, LIBERAL ARTS COLLEGES I, END OF FISCAL YEARS 1969-70 TO 1974-75
(Index Numbers: 1969-70 = 100)

	1969-1970	1970-1971	1971-1972	1972-1973	1973-1974	1974-1975
Assets:						
Current	100	105	135	141	152	152
Endowment	100	105	112	122	124	121
Plant	100	107	114	119	123	129
Other	100	108	118	114	127	143
Total Assets	100	106	114	121	125	127
Interfund borrowing	100	109	124	132	136	139
Net Assets	100	106	114	121	125	127
Liabilities:						
Current	100	100	109	131	144	135
Plant	100	109	114	113	117	119
Other	100	115	141	185	177	172
Total Liabilities	100	108	114	119	124	124
Fund Balances:						
Current	100	110	157	149	159	167
Endowment	100	104	112	121	124	121
Plant	100	106	113	120	125	131
Loan	100	111	122	133	144	156
Annuity and life	100	106	114	96	108	130
Total Fund Balances	100	106	114	121	126	128

TABLE 45

CHANGES IN ASSETS, LIABILITIES, AND FUND BALANCES, LIBERAL ARTS COLLEGES II, END OF FISCAL YEARS 1969-70 TO 1974-75
(Index Numbers: 1969-70 = 100)

	1969-1970	1970-1971	1971-1972	1972-1973	1973-1974	1974-1975
Assets:						
Current	100	111	116	134	137	142
Endowment	100	105	114	121	132	141
Plant	100	104	110	115	120	130
Other	100	120	136	153	163	177
Total Assets	100	106	113	119	126	136
Interfund borrowing	100	126	135	153	177	177
Net Assets	100	106	113	119	125	135
Liabilities:						
Current	100	116	122	138	151	162
Plant	100	102	111	110	113	114
Other	100	168	200	174	365	400
Total Liabilities	100	106	115	117	125	129
Fund Balances:						
Current	100	92	89	120	91	122
Endowment	100	104	112	119	128	135
Plant	100	105	110	117	124	137
Loan	100	112	129	143	153	170
Annuity and life	100	157	177	220	153	166
Total Fund Balances	100	106	112	120	127	138

TABLE 46

PERCENTAGE CHANGES IN SELECTED BALANCE SHEET ACCOUNTS, BY TYPES OF INSTITUTIONS, 1973-74 TO 1974-75

	Total Assets	Inter-fund Borrowing	Net Assets	Current Liabilities	Total Liabilities	Total Fund Balances
Doctoral-Granting Universities	+ 4%	+ 32%	+ 3%	+ 9%	+ 5%	+ 4%
Comprehensive Universities and Colleges	+ 5	- 11	+ 5	+ 1	- 1	+ 5
Liberal Arts Colleges I	+ 2	+ 2	+ 2	- 6	0	+ 2
Liberal Arts Colleges II	+ 8	0	+ 8	+ 7	+ 3	+ 9
Four Types of Institutions Combined	+ 4	+ 9	+ 4	+ [illegible]	+ 2	+ 5

Among the different types of institutions, notable changes in the percentages over the past year were the increase in interfund borrowing and current liabilities for the Doctoral-Granting Universities and the increase in current liabilities of the Liberal Arts Colleges II.

Ratios of Assets to Liabilities

Various ratios of assets to liabilities over the period since 1969-70 are shown in table 48. The changes in these ratios over the past year were on the whole negligible. For the four types of institutions combined, there was a slight decline in the current unrestricted ratio and a slight improvement in the overall ratio of assets to liabilities, but the general situation can only be described as stable with neither marked improvement nor marked deterioration.

TABLE 47

PERCENTAGE DISTRIBUTIONS OF ASSETS, LIABILITIES, AND FUND BALANCES, BY TYPES OF INSTITUTIONS, END OF FISCAL YEARS 1973-74 AND 1974-75

	Doctoral-Granting Universities		Comprehensive Universities and Colleges		Liberal Arts Colleges I		Liberal Arts Colleges II		Four Types of Institutions Combined	
	1973-74	1974-75	1973-74	1974-75	1973-74	1974-75	1973-74	1974-75	1973-74	1974-75
Assets:										
Current	8.5%	8.9%	6.9%	6.2%	5.1%	5.1%	7.1%	7.0%	7.6%	7.5%
Endowment	31.4	29.3	16.1	15.8	41.3	39.5	16.2	16.6	26.7	25.4
Plant	54.5	55.9	70.0	70.8	48.4	49.7	68.4	67.9	59.5	60.6
Other	5.6	5.9	7.0	7.2	5.2	5.7	8.3	8.5	6.2	6.5
Total Assets	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Interfund Borrowing	1.5	1.9	2.1	1.8	3.3	3.3	3.2	3.0	2.0	2.1
Net Assets	98.5	98.1	97.9	98.2	96.7	96.7	96.8	97.0	98.0	97.9
Liabilities:										
Current	30.4	31.5	17.7	18.0	19.4	18.2	22.2	23.6	24.2	25.1
Plant	62.3	63.1	78.5	79.0	75.4	76.8	71.9	69.8	70.0	70.2
Other	7.3	5.4	3.8	3.0	5.2	5.0	5.9	6.6	5.8	4.7
Total Liabilities	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Fund Balances:										
Current	3.7	3.8	3.3	2.6	3.3	3.4	1.1	0.9	3.3	3.2
Endowment	37.3	35.6	20.8	20.5	46.6	44.4	21.6	21.3	32.7	31.2
Plant	52.7	54.1	67.4	67.2	44.8	46.2	67.0	67.3	56.9	58.2
Loan	4.4	4.5	7.6	8.8	3.0	3.2	8.8	9.0	5.4	5.7
Annuity and Life	1.9	2.0	0.9	0.9	2.3	2.8	1.5	1.5	1.7	1.7
Total Fund Balance	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

TABLE 48

SELECTED RATIOS OF ASSETS TO LIABILITIES BY TYPE OF INSTITUTION, END OF FISCAL YEARS 1969-70 TO 1974-75

	1969-1970	1970-1971	1971-1972	1972-1973	1973-1974	1974-1975
1. Current unrestricted assets ÷ corresponding liabilities:						
Doctoral-Granting Universities	1.1	1.1	1.1	1.2	1.2	1.1
Comprehensive Universities and Colleges	1.0	1.2	1.2	1.2	1.2	1.0
Liberal Arts Colleges I	1.3	1.3	1.4	1.5	1.6	1.6
Liberal Arts Colleges II	1.0	0.9	0.9	1.0	0.9	0.9
Four Groups Combined	1.0	1.1	1.1	1.2	1.2	1.1
2. All current assets ÷ all current liabilities:						
Doctoral-Granting Universities	1.4	1.5	1.5	1.6	1.5	1.5
Comprehensive Universities and Colleges	1.4	1.6	1.5	1.7	1.6	1.5
Liberal Arts Colleges I	2.2	2.3	2.7	2.3	2.3	2.4
Liberal Arts Colleges II	1.2	1.2	1.2	1.2	1.1	1.1
Four Groups Combined	1.4	1.5	1.5	1.6	1.5	1.5
3. Plant fund assets ÷ plant fund liabilities:						
Doctoral-Granting Universities	4.6	4.8	4.7	5.0	4.8	4.8
Comprehensive Universities and Colleges	3.3	3.2	3.3	3.5	3.6	3.8
Liberal Arts Colleges I	5.3	5.1	5.2	5.5	5.6	5.7
Liberal Arts Colleges II	3.1	3.2	3.1	3.3	3.3	3.7
Four Groups Combined	3.9	4.0	3.9	4.2	4.2	4.3
4. Total assets ÷ total liabilities:						
Doctoral-Granting Universities	5.1	5.3	5.2	5.7	5.4	5.4
Comprehensive Universities and Colleges	3.8	3.8	3.8	4.0	4.1	4.3
Liberal Arts Colleges I	8.6	8.4	8.5	8.7	8.7	8.8
Liberal Arts Colleges II	3.5	3.5	3.4	3.6	3.5	3.8
Four Groups Combined	4.6	4.7	4.7	4.8	4.9	5.0

Conclusions

The balance sheet analysis has yielded the following conclusions:

1. Over the six years since 1969-70, the growth of assets, liabilities, and net worth did not keep pace with the combined growth in enrollment (9 percent) and rise in the Consumer Price Index (37 percent). This fact is understandable in view of the accelerating inflation that characterized the period. Balance sheet items are stated at book value and these are not adjusted from year to year for changes in the price level.

2. In the year 1974-75, a year of unprecedented inflation, assets, liabilities, and net worth increased at a slower rate than in prior years, and they did not keep up with combined enrollment growth (1 percent) and the rise in the Consumer Price Index (11 percent).

3. The burden of debt was reduced by two factors. First, inflation over the years reduced the burden of long-term debt by making it payable in cheaper dollars. Second, the ratio of assets to liabilities increased both over the six-year period since 1969-70 and in the latest year, 1974-75.

4. Certain weak spots that show up in the data are: a recent substantial increase in interfund borrowing and in current liabilities among the Doctoral-Granting Universities; an increase in current liabilities among the Liberal Arts Colleges II; a small decline in the percentage of assets held as endowment among all groups except among the Liberal Arts Colleges II.

5. The changes in assets, liabilities, and net worth were small. Some suggested pockets of weakness and some of strength. Our main impression is one of basic stability. On the basis of these data one could not say that private higher education on the whole is gaining ground; neither could one say positively that it is losing ground. Our opinion is that the financial situation has probably been a bit tighter in 1974-75 than in prior years.

6. The recent rise in the stock market has substantially increased the market value of endowment. This development is not reflected in the endowment account which is carried in the balance sheets at book value.

CHAPTER VIII

SPECIAL TOPICS RELATING TO FINANCE

In this chapter we bring together several miscellaneous but important topics bearing on the financial position of the private sector. These include capital expenditures, institutional aid from the states, financial aid to undergraduate students, and utilization of student housing and dining facilities.

Capital Expenditures

One indicator of the financial position of colleges and universities is the trend of expenditures for plant and equipment. Presumably, when money is tight and the security of institutions is at stake, they will hold spending for capital purposes to a bare minimum and use available funds preferably to build endowment and--as a last resort--to balance current budgets.

The institutions in our sample reported the spending of $278 millions for capital purposes over the four years from 1972-73 through 1975-76 or an average of about $70 millions a year. This represents annual spending of about $700,000 per instituion which appears to be quite small relative to the experience of the 1950s and 1960s.[1]

As shown in table 49, capital spending has been erratic in recent years and no clearly defined trend is evident--though 1975-76 will probably prove to be a relatively low year.

Capital spending behavior has differed among the several groups of institutions. For the two groups of liberal arts colleges, 1975-76 was a relatively big year, while for the doctoral-granting and comprehensive institutions, building was probably the lowest in any year of recent memory.

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[1] In the 1950s and 1960s, higher education (public and private) was spending annually for plant expansion amounts about equal to one-tenth of the book value of the existing plant (Statistical Abstract of the United States, 1974, p. 137). The institutions in our sample on the average had plant assets in 1973-74 of about $29 millions. On this basis one would have expected their annual plant expenditures to approach $3.0 millions. Even cutting this amount in half to allow for the slower growth of private institutions as compared with public institutions, plant expenditures would have been around $1.5 millions a year on the average. But in fact they have averaged only about $700,000 in the past four years.

TABLE 49

TREND OF TOTAL CAPITAL EXPENDITURES, BY TYPE OF INSTITUTION, 1972-73 THROUGH 1975-76 (Index Numbers: 1972-73 = 100)

	1972-73	1973-74	1974-75	Estimated[1] 1975-76
Doctoral-Granting Universities	100	100	112	52
Comprehensive Universities and Colleges	100	78	112	69
Liberal Arts Colleges I	100	60	136	153
Liberal Arts Colleges II	100	111	139	108
Four types of institutions combined	100	84	118	82

[1] Estimated by the chief business officers of the institutions.

Table 50 shows the distribution of capital expenditures among various purposes. Academic buildings and equipment have been dominant. The only other objective commanding substantial resources has been "recreational, social, and athletic facilities." Also notable is the fact that remodeling has been taking an increasing share of the capital dollars and new structures and equipment a decreasing share.

TABLE 50

PERCENTAGE DISTRIBUTION OF CAPITAL EXPENDITURES, BY PURPOSES, FOUR TYPES OF INSTITUTIONS COMBINED, 1972-73 THROUGH 1975-76

	1972-73	1973-74	1974-75	Estimated[1] 1975-76
Academic buildings	64%	43%	58%	56%
Major academic equipment	7	8	4	5
Administrative buildings	--	1	7	1
Residence Halls	6	9	5	10
Recreational, social, and athletic facilities	15	27	16	18
Major non-academic equipment	4	6	8	7
Other	4	6	2	3
Total	100%	100%	100%	100%
New structures and equipment	84%	78%	75%	69%
Remodeling	16	22	25	31
Total	100%	100%	100%	100%

[1] Estimated by the chief business officers of the institutions

From these figures, no definitive conclusions can be drawn. Our guess is that the amount of capital spending has been quite small by past standards and, judging from the estimates for 1975-76, may be declining further. The steady increase in expenditures for remodeling suggests that the institutions have been economizing on building space by making do with what they have. The relatively heavy expenditures for "recreational, social, and athletic facilities" may indicate not affluence permitting construction for non-essential purposes, but rather attention to student welfare in a time of keen competition for students.

Our general conclusion from the figures on capital spending is that they suggest budgetary tightness but not necessarily distress.

Institutional Aid from the States

A few of the state governments provide institutional aid to private universities and colleges. To get some indication of the importance of this aid, we asked the business officers of the institutions in our sample to indicate whether institutional aid had been received from the states in the past three years and, if so, the amounts. The responses are summarized in table 51. The number of institutions reporting institutional aid increased over the past three years from 17 to 25; and the amount of aid from $7.1 millions to $11.1 millions. The institutions reporting aid were located in New York, Pennsylvania, Illinois, Minnesota, Michigan, and Oregon.[1]

TABLE 51

INSTITUTIONAL AID FROM STATE GOVERNMENT[1]

	1972-73		1973-74		1974-75	
	No. of Institutions	Amount (000)	No. of Institutions	Amount (000)	No. of Institutions	Amount (000)
Doctoral-Granting Universities	2	$3,772	2	$4,585	2	$ 5,433
Comprehensive Universities and Colleges	4	2,297	4	3,366	6	3,687
Liberal Arts Colleges I	7	567	10	1,063	11	1,165
Liberal Arts Colleges II	4	439	4	653	6	765
Four types of institutions combined, total	17	$7,075	20	$9,666	25	$11,050

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[1] Our sampling procedure was not geared to obtaining information on state institutional aid, and the figures presented are only illustrative and not representative.

Financial Aid to Undergraduate Students

An attempt was made last year to obtain data on student financial aid. The attempt failed (despite pretesting) because of weaknesses in the questionnaire. This year another effort was made and it yielded excellent statistics with 86 of the 100 institutions providing usable data. Table 52 summarizes the situation.

Total student aid available increased substantially in 1975-76 (see table 52). The increase exceeded the rise in the Consumer Price Index which was about 7 percent. The largest part of this sizable expansion in student aid was obtained federal and state programs affecting private institutions. The increase in funds from the Federal Government was 24 percent and from the State governments 17 percent (table 52). The growth in expenditures from unrestricted current funds and from institutional revenues designated for student aid by comparison were only 10 percent and 3 percent respectively. Moreover, from other data, we found that these percentage increases were lower than those reported for the preceding year. Thus, one can tentatively infer that the expansion of federal and state programs of student aid is helping to relieve institutional budgets.

Among the four types of institutions, the increase in student aid was greatest among Liberal Arts Colleges II and lowest among Doctoral-Granting Universities, but for all four groups the growth of student aid funds exceeded the pace of inflation (table 52).

Student aid per enrolled student (for all four types of institutions combined) exceeded $1,000.[1] This means that the cost to the students of attending a private institution was considerably less than the published tuition and fees. Thus, the tuition gap between private and public institutions may be less than is usually supposed, and may help to explain the staying power of the private sector in the recruitment and admission of students. However, in considering the gap, it is necessary to keep in mind that students in public institutions also receive student aid, though in smaller amounts on the average than students in the private sector.

State programs of financial aid to students have been growing in both numbers and funding. At the same time Federal programs have been changing and growing. Through a series of questions we tried to learn about the impact of these governmental programs on private institutions. Tables 53 through 57 summarize the responses.

Most respondents believe the state programs exert a significant impact (table 53), specifically that they tend to increase private enrollments but that they do not have much effect on the "quality" of students recruited. A small majority of the respondents believe the state programs help to improve the position of the private institutions, relative to the public sector, in the competition for students (table 55). They estimate that these programs assist 15 to 34 percent of their students and give relief to the budget in an amount around 2 to 5 percent of the total budget (table 56).

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[1] Refers to student aid expenditures per student enrolled in the institutions, not to student aid per recipient.

TABLE 52

FINANCIAL AID TO UNDERGRADUATE STUDENTS, BY SOURCES OF FUNDS, AND BY TYPES OF INSTITUTIONS, 1974-75 AND 1975-76

	From Federal Programs	From Programs of States	From Programs of Other States	From Current Gifts and Endowment Income Designated for Student Aid	From Current Unrestricted Operating Funds
Percentage change in total aid available, 1974-75 to 1975-76:					
Doctoral-Granting Universities	+ 20%	+ 23%	- 9%	- 18%	+ 4%
Comprehensive Universities and Colleges	+ 25	+ 10	- 4	+ 4	+ 14
Liberal Arts Colleges I	+ 25	+ 18	+ 15	+ 4	+ 11
Liberal Arts Colleges II	+ 32	+ 16	+ 10	+ 23	+ 10
Four types of institutions combined	+ 24	+ 17	+ 3	+ 3	+ 10
Percentage distribution of total aid available:					
Doctoral-Granting Universities					
1974-75	22%	21%	9%	23%	25%
1975-76	25	25	8	18	24
Comprehensive Universities and Colleges					
1974-75	28	27	8	15	22
1975-76	30	27	7	14	22
Liberal Arts Colleges I					
1974-75	28	15	3	22	32
1975-76	30	16	3	20	31
Liberal Arts Colleges II					
1974-75	41	26	5	9	19
1975-76	45	25	4	9	17
Four types of institutions combined					
1974-75	26	23	8	19	24
1975-76	26	26	7	16	25

TABLE 52 (Continued)

	From Federal Programs	From Programs of States	From Programs of Other States	From Current Gifts and Endowment Income Designated for Student Aid	From Current Unrestricted Operating Funds
Dollars per student, 1975-76[1]					
Doctoral-Granting Universities	$ 325	$ 317	$ 92	$ 237	$ 341
Comprehensive Universities and Colleges	326	282	63	166	232
Liberal Arts Colleges I	320	163	40	206	314
Liberal Arts Colleges II	588	332	65	120	218
Four types of institutions combined	297	293	74	194	278

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[1] Refers to student aid expenditures per student enrolled in the institutions, not to student aid per recipient.

TABLE 53

RESPONSES TO THE QUESTION:
"Do financial aid programs of your state have a significant impact on your institution?"[1]

	Considerable Impact	Little Impact	No Impact	Don't Know	Total
Doctoral-Granting Universities	70%	0%	30%	0%	100%
Comprehensive Universities and Colleges	81	17	2	0	100
Liberal Arts Colleges I	58	38	4	0	100
Liberal Arts Colleges II	80	20	0	0	100
Four types of institutions combined	76	17	7	0	100

TABLE 54

RESPONSES TO THE QUESTION:
"What are the effects of the financial aid program of your state?"[1]

	Increase	No Change	Decrease	Don't Know	Total
On total enrollment?					
Doctoral-Granting Universities	56%	33%	11%	0%	100%
Comprehensive Universities and Colleges	65	20	4	11	100
Liberal Arts Colleges I	30	57	0	13	100
Liberal Arts Colleges II	79	13	1	7	100
Four types of institutions combined	64	25	4	7	100
On "quality" of students admitted?					
Doctoral-Granting Universities	20%	40%	20%	20%	100%
Comprehensive Universities and Colleges	31	55	12	2	100
Liberal Arts Colleges I	17	70	0	13	100
Liberal Arts Colleges II	17	69	0	14	100
Four types of institutions combined	23	58	8	11	100

[1] As reported by Chief Student Financial Aid Officer.

TABLE 55

RESPONSES TO THE QUESTION: "Have the financial aid programs in your state improved your position in competition with public institutions?"[2]

	Yes, a Great Deal	Yes, Some	No	Don't Know	Total
Doctoral-Granting Universities	40%	30%	30%	0%	100%
Comprehensive Universities and Colleges	48	25	21	6	100
Liberal Arts Colleges I	13	48	35	4	100
Liberal Arts Colleges II	38	39	12	11	100
Four types of institutions combined	40	33	21	6	100

TABLE 56

RESPONSES ON NUMBER OF UNDERGRADUATE STUDENTS RECEIVING AID AND ON DOLLAR SAVINGS TO INSTITUTIONS FROM STATE PROGRAMS OF FINANCIAL AID TO STUDENTS[2]

	Students Receiving Aid		Estimated Saving in Student Aid from Institutional Sources	
	Average Number	% of Student Body	Average $ Amount (000)	% of Current Fund Expenditures
Doctoral-Granting Universities[1]	n.a.	n.a.	n.a.	n.a.
Comprehensive Universities and Colleges	790	26%	$ 317	4%
Liberal Arts Colleges I	215	16	119	2
Liberal Arts Colleges II	306	35	133	5
Four types of institutions combined	n.a.	n.a.	n.a.	n.a.

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[1] The sample was too small to provide meaningful figures.

[2] As reported by Chief Student Financial Aid Officer.

A large majority of respondents report the opinion that the state financial aid programs have the effect of decreasing the relative number of out-of-state students (table 57). The reason, of course, is that for most state programs only those students qualify who attend college in the same state where they are residents. As a result, institutions tend to draw more students from their own state because such students cannot get aid if they attend college out-of-state. At the same time, institutions draw fewer students from other states because these students are deterred by state-aid programs from leaving the state in which they reside. The respondents report, however, that the relative decline in out-of-state students has not been very large. As shown in table 57, the decline for all types of institutions combined was 2 percent over the period from 1969-70 to 1974-75. The percentage was higher, however, for the Liberal Arts Colleges I and II.

TABLE 57

EFFECTS OF STATE PROGRAMS OF FINANCIAL AID TO STUDENTS ON THE PROPORTION OF OUT-OF-STATE STUDENTS[1]

Responses to the question: "What are the effects of the Financial Aid Program of your state on the relative number of out-of-state students in your institution?"

	Decrease	No Change	Increase	Don't Know	Total
Doctoral-Granting Universities	44%	0%	33%	23%	100%
Comprehensive Universities and Colleges	72	22	0	6	100
Liberal Arts Colleges I	30	52	0	18	100
Liberal Arts Colleges II	79	12	0	9	100
Four types of institutions combined	63	18	7	12	100

Reported changes in out-of-state students as percentage of total student population:

	1969-70	1974-75
Doctoral-Granting Universities	47%	44%
Comprehensive Universities and Colleges	45	45
Liberal Arts Colleges I	57	52
Liberal Arts Colleges II	48	42
Four types of institutions combined	47	45

[1] As reported by Chief Student Financial Aid Officer.

An overwhelming majority of the respondents believe that the Federal programs of student aid have been "very helpful" or "moderately helpful" to their institutions (table 58). Apparently, the Federal programs affect the competitive relationships among the private institutions. They appear to be most favorable to the Doctoral-Granting Universities and least favorable to the Liberal Arts Colleges I. Clearly, however, they cannot be helpful at the same time to all types of private institutions in their competition with each other. Hence, this part of table 58 must be looked at with a suspicious eye.

Despite some inconsistencies in the data, we interpret the responses as implying that one of the important factors underlying the staying power of the private sector has been the state and federal aid to students plus the institutional aid available in some states.

TABLE 58

RESPONSES ON THE HELPFULNESS OF FEDERAL PROGRAMS OF FINANCIAL AID TO UNDERGRADUATE STUDENTS

	Very Helpful	Moderately Helpful	No Effect	Harmful	Don't Know	Total
In the competition with public institutions for undergraduate students:						
Doctoral-Granting Universities	78%	22%	0%	0%	0%	100%
Comprehensive Universities and Colleges	41	50	0	0	9	100
Liberal Arts Colleges I	29	58	8	0	5	100
Liberal Arts Colleges II	61	32	3	4	0	100
Four types of institutions combined	53	39	2	1	5	100
In the competition with other private institutions for undergraduate students:						
Doctoral-Granting Universities	78	22	0	0	0	100
Comprehensive Universities and Colleges	43	22	26	9	0	100
Liberal Arts Colleges I	21	33	46	0	0	100
Liberal Arts Colleges II	44	32	11	13	0	100
Four types of institutions combined	48	27	18	7	0	100

Utilization of Student Housing and Dining Facilities

During 1975-76, the occupancy rate of housing facilities for unmarried students increased about 1 percent corresponding to the increase in enrollment (see table 1). The increase occurred among the Comprehensive Universities and Colleges and the Liberal Arts Colleges II which had experienced lower occupancy rates than the other two groups of institutions.

Inquiries were made about the utilization of student food services. Only three institutions indicated that utilization was unsatisfactory, but five other institutions reported underutilization of 20 percent or more. Last year 7 institutions had reported unsatisfactory utilization.

TABLE 59

OCCUPANCY RATES OF INSTITUTION-OWNED STUDENT HOUSING FOR SINGLE STUDENTS, BY TYPE OF INSTITUTION, 1969-70 THROUGH 1975-76

	Doctoral-Granting Universities	Comprehensive Universities and Colleges	Liberal Arts Colleges I	Liberal Arts Colleges II	Four Types of Institutions Combined
1969-70	101	94	90	89	93
1970-71	98	94	94	88	93
1971-72	98	93	97	90	94
1972-73	98	93	98	84	92
1973-74	98	93	97	86	92
1974-75	98	91	97	88	92
1975-76	97	93	97	89	93

Political Climate

As in the preceding year, an inquiry was made of the executive directors of the state associations of private colleges and universities to inquire about the political climate surrounding the private sector in each state. The responses were again on the whole very positive. From the tone of the comments we detected a barely perceptible decline in the cooperation of political leaders and perhaps some cooling of relations between the public sector of higher education and the private sector. However, nineteen executive directors reported that the overall political climate is favorable; eight said it was neutral; and only one judged that it is unfavorable.

Conclusions

Each of the sections of this chapter provides some clues regarding the financial position of the private sector and each suggests that the private universities and colleges are holding steady.

1. Capital spending has by no means stopped, but the amount is probably less than it was in the 1950s and 1960s. The trend in recent years has been erratic and 1975-76 was a low year for capital spending. Capital spending in recent years has concentrated on academic plant and equipment and on "recreational, social, and athletic facilities." The behavior of the institutions in capital spending suggests budgetary tightness but not widespread distress.

2. Institutional aid from state government is available in only a few states. Such aid appears to be spreading slowly among the states. The number of institutions in our sample which are receiving grants and the amounts granted are increasing.

3. From the student aid programs of the state and federal governments increasing amounts of money are flowing to the students of private colleges and universities. These funds are helping to relieve the budgets of the institutions. Also gifts and endowment income designated for student aid are holding up well--the increase was 10 percent in 1975-76. As a result, the amount spent for student aid from unrestricted operating funds declined as a percentage of total student aid funds.

4. The institutions report overwhelmingly that the state financial aid programs have a significant impact upon their total enrollment. Many also report that the programs reduce the relative number of out-of-state students they enroll, though data on actual changes in the proportion of out-of-state students indicate that the effect so far has been small. The state aid programs appear to include roughly a quarter of the private college students and to relieve the student aid budgets of the institutions in an amount of the order of 2 to 5 percent of their total budgets.

5. The institutions report overwhelmingly that the Federal student aid programs have been helpful.

6. The utilization of housing for single students improved slightly in 1975-76. The vacancy rate of about 5 percent is as good as in any year since 1969-70. Only eight institutions reported inadequate utilization of their food services.

7. The political climate for private higher education among the states remains favorable though perhaps a bit less favorable than last year.

CHAPTER IX

ANALYSIS OF THE CONDITION OF THE INSTITUTIONS INDIVIDUALLY

The previous sections of this report described the condition of the private sector as a whole or of sub-groups within the private sector. The information presented was in the form of consolidated data describing trends in the position of groups of institutions. These data did not reveal the considerable variability among institutions. In this chapter, we report on our assessment of the data for 93 of the 100 sample institutions individually. In this assessment, we carried out two operations.

First, we assembled critical information for each institution indicating its relative "strength" as of 1974-75. For this purpose we used the following data:

Item	Characteristic Measured
Ratio of assets to liabilities	Equity
Ratio of current assets to current liabilities	Liquidity
Surplus or deficit as percent of revenues	Expense control
Total current revenue per student	Financial strength
Average Scholastic Aptitude Test of entering freshmen	Enrollment strength

Using arbitrary weights, we were able to convert the data into a single index of "strength," and to array the institutions from strongest to weakest. Those institutions were classified as "strong" which were able to be selective in the admission of students, had resources sufficient to mount high-quality programs, and were managing their resources prudently. At the other extreme, the weak institutions were those operating at minimum levels and without the capacity to be selective in student admissions. We then divided the institutions into three groups using our best judgment about the dividing lines.

Second, we assembled data on changes over the past six years and over the past two years in critical factors affecting their financial and educational strength. For the purpose we used the following data:

Item	Characteristic Measured
Student applications received	Capacity to attract students
Total enrollment (full-time equivalent)	Capacity to attract and hold students
Total revenue	Financial strength
Ratio of assets to liabilities	Equity
Ratio of current assets to current liabilities	Liquidity
Endowment fund balance	Ability to build endowment
Current gifts as percent of current revenue	Dependency on current gifts to balance the operating budget
Expenditures for instruction as percent of total educational and general expenditures	Ability to use resources for educational purposes

From these change data, we were able to construct for each institution an index of recent trends--whether favorable, neutral, or adverse. Again we divided the institutions into three categories: those gaining ground, those holding their own, and those losing ground. The dividing lines were arbitrary and based on our best judgment.

From this procedure, we were able to place each institution in a matrix expressing both its current position and the direction in which it is heading. As would be expected, we found some currently strong institutions which are losing ground and some currently weak institutions which are gaining ground. And, as would be expected, we found considerable variability.

The classification of institutions is presented in table 60. From this table, the following conclusions may be reached:

1. Strong as well as weak institutions have been losing ground in the past several years and also weak as well as strong institutions have been gaining ground.

2. Serious distress in the form of current weakness combined with losing losing ground is found mainly among the Liberal Arts Colleges II and to a lesser extent among the Comprehensive Colleges and Universities.

3. Very few institutions, only seven, are classified as weak and losing ground; on the other hand, only six institutions are classed as strong and gaining ground. The largest number of institutions, thirty-one, are classed as of middle strength and holding steady.

We are loath to make predictions for the future about the seven institutions in the category "weak and losing ground." We recognize that a turn-around in any one of them could occur with changes in internal managerial policy or technique, improvement of the economy, a windfall gift, changes in state or federal aid, or changes in student choice and behavior. On the other hand we do not belittle the odds against which these institutions are struggling.

TABLE 60

NUMBER OF INSTITUTIONS BY ESTIMATED CURRENT STRENGTH IN 1974-75, AND ESTIMATED CHANGE OF POSITION FROM 1969-70 THROUGH 1974-75

Type of Institution and Degree of Strength in 1974-75	Gaining Ground	Holding Steady	Losing Ground	Total
Doctoral-Granting Universities				
Strong	2	1	-	3
Middle	3	3	1	7
Weak	-	-	-	-
Total	5	4	1	10
Comprehensive Colleges and Universities				
Strong	-	3	-	3
Middle	2	14	5	21
Weak	3	1	2	6
Total	5	18	7	30
Liberal Arts Colleges I				
Strong	4	6	3	13
Middle	1	6	3	10
Weak	-	-	-	-
Total	5	12	6	23
Liberal Arts Colleges II				
Strong	-	-	1	1
Middle	6	8	1	15
Weak	3	6	5	14
Total	9	14	7	30
Four Types of Institutions Combined				
Strong	6	10	4	20
Middle	12	31	10	53
Weak	6	7	7	20
Total	24	48	21	93

An anomaly in higher education is that distress can come to the rich as well as to the poor. Institutions of relative affluence invariably manage to spend all their income, and in doing so build in heavy fixed costs for plant maintenance, debt service, tenured faculty, and ongoing programs that cannot readily be turned off. When adversity comes--whether in the form of inflation, increased need for student aid, a slowing in the growth of endowment income or gifts--such institutions have great difficulty making the necessary adjustments and psychologically at least they feel acute distress. For poorer institutions, on the other hand, which must budget precariously year after year, adversity becomes almost routine. The difference of course is that in the case of severe and sustained adversity, the rich institutions can pare their budgets, whereas the poor institutions can only wither away.

Our findings about the position of the institutions in our sample as shown in table 60 are not easy to interpret. If a comparable study had been made in any year of the past, it would undoubtedly have revealed that the institutions would be distributed among all the classifications in table 60. Some would have been judged to be currently strong, middle, or weak; and some would have been judged to be gaining ground, holding steady, or losing ground. And in any year, even the most prosperous year, doubtless some institutions would be classified as "weak" and "losing ground" thus signifying acute distress.

Unfortunately, we do not have past records with which to compare the array of institutions as shown in table 60, and so we have no basis for judging to what degree distress is more or less prevalent than in past years. We do know that financial distress and mortality are not new to American private higher education. Even the strongest and most eminent private colleges and universities have had periods in their history of hardship and struggle when survival was in doubt, and mortality among colleges has occurred over many decades.

Last year the authors spent considerable effort pouring over the statistics on our institutions individually to try to judge the extent of financial distress among them. With considerable misgivings we identified twenty-seven out of 100 institutions that we judged to be in distress. Now, one year later, not a single one of these institutions has disappeared and some of them have gained ground since last year. With this experience, we have decided not to produce any "box scores" of the number of institutions in distress, but rather to be content with the classification shown in table 60 which records the success stories as well as the problem cases, and recognizes that institutions can shift from one category to another from year to year.

In our judgment, there has been no appreciable change over the past year in the distribution of our sample of institutions among the various categories of table 60. In future years we expect to standardize our procedure for classifying institutions so that comparable figures will be available from year to year (beginning with 1973-74) on the percentages in each category.

CHAPTER X

SUMMARY AND CONCLUSIONS

This report is the second in an annual series designed to provide timely and reliable information on the condition of the private sector of American higher education. The report is based on comprehensive information gathered from a carefully chosen sample of 100 private colleges and universities. The sample is representative of all private, four-year, non-profit, accredited institutions except major research universities and independent professional schools.

The first report in this series provided base data for the years 1969-70 through 1973-74 or 1974-75. In the case of financial data, the final year was 1973-74; for other data, it was 1974-75. This second report concentrates on financial developments in the year 1974-75 and other changes in the year 1975-76. It is anticipated that a third report will be prepared in the Spring of 1977.

Each chapter of this report contains a concluding section in which the findings are summarized. Hence this final chapter will provide only a brief summary of findings and an interpretation of the results.

The Principal Findings

1. Enrollment and Admissions. Total enrollments in the private sector continued to hold steady in 1975-76. The overall increase was about 1 percent but the Liberal Arts Colleges II enjoyed a remarkable increase of 5 percent. The composition of the student bodies continued to change slowly in 1975-76 through relative increases in the numbers of women, minorities, older students, and transfers from community colleges. The relative number of out-of-state students appears to be declining slowly--possibly as a result of state programs of student aid which tend to inhibit interstate migration of students. Though total enrollments continued to hold steady in 1975-76, there are signs that on the average the ability of the private institutions to attract students is probably diminishing at a barely perceptible rate year by year. For example, selectivity of students as measured by rank in high school class appears to be declining very slowly; over one-half the institutions reported that they would have liked to enroll more students in 1975-76; and the admissions staffs continued to grow in 1975-76. On the other hand, student attrition remained steady. We would repeat what we said about enrollment last year, "The situation can be described as worrisome but not disastrous--at least not yet."

2. Faculty and Staff. The student-faculty ratio remained about constant in 1975-76 at 16.4. No major changes in this ratio have occurred since 1969-70 and it has been about stable since 1971-72. However, the Liberal Arts Colleges II were an exception in 1975-76 and experienced a significant increase in this ratio. For them, enrollment rose by 5 percent while faculty numbers declined by 2 percent. As in recent years, average faculty compensation in 1975-76 failed to keep pace with inflation. However, the gap narrowed with the slowing of inflation. Average compensation increased by 6 percent while the Consumer Price Index rose by an estimated 7 percent. In the past two years, faculty compensation has about kept pace with Average Earnings in Private Non-Agricultural Employment, but faculty compensation in the private sector has increased at a slightly slower rate than in the public sector. Faculty work loads and supporting services for faculty remained unchanged in most institutions. The numbers of administrative and non-academic personnel did not change significantly in 1975-76, but median wages and salaries increased by 7 percent as compared with a 6 percent rise in (average) compensation of faculty. To sum up, the one notable change in 1975-76 relating to faculty and staff was that, as inflation slowed down, increases in compensation almost caught up with the rise in the Consumer Price Index.

3. Educational Program: Content and Quality. In last year's study, we found little retrenchment over three years in courses, curricula, academic support programs, student services, or auxiliary enterprises. The number of new or expanded programs exceeded by 10 to 1 the number of deleted or contracted programs. This year we made an effort to gather as much information as possible about the content and quality of program to determine whether financial stringency is having pervasive effects on educational quality or institutional performance. From institutional reports, we found virtually no evidence of qualitative deterioration. In general, the competence and performance of faculty is improving.

   Some trends relating to the preparation and interests of students are mixed. Our respondents report an appalling decline in the preparation of newly-admitted students in reading, writing, and mathematics. These recent changes, disturbing though they may be, do not connote weakness of the private sector relative to the rest of higher education. Rather, they reflect broad general trends in our society. On the other hand, the preparation of entering students in the humanities, social studies, and sciences appears to be holding steady. Other reported changes among students are: declining interest in public affairs and in political activism, increasing loyalty to their colleges or universities, and significant improvement in conscientious work and general academic achievement. The flight from liberal learning, if it should persist, would be a serious threat to the private sector.

On the more positive side, our respondents report that their institutions are involved in a wave of innovation in methods of instruction. Many report gains, and few report deterioration, in general quality of instruction. An overwhelming majority of the institutions report that they are "holding their own" or "gaining ground" in collegiality, capacity for self-renewal, institutional autonomy, distinctiveness, capacity to attract and hold students, ability to interest alumni and trustees, general academic performance, student services, facilities and equipment, general environment for students, and public service activities, and, not least, financial condition. However, about 20 percent report that they are "losing ground" financially. The presidents and other officers overwhelmingly express optimistic views about the future.

To pursue the question of retrenchment, we made a special tabulation of the number of undergraduate courses actually offered in the fall of 1969-70 and of 1975-76. We found on the average a 29 percent increase, whereas, during the same period enrollment increased by only 9 percent. The increase in number of courses was common to all types of institutions and to almost all disciplines. Only 7 percent of the institutions actually experienced retrenchment in course offerings. Only 16 percent reported increasing their offerings by less than 10 percent. In six disciplines--classics, French, Spanish, industrial arts, journalism, and nursing--there was no change in number of courses, and in only one discipline--Russian--was there an actual decline.

The obvious conclusions from all these data are: (1) that very little retrenchment of program has occurred and that considerable expansion has taken place; (2) that the quality of the institutions has not been seriously impaired except for deterioration in the high school preparation of entering students and that is a national problem common to all of higher education and not a special problem of the private sector. The one matter which in our judgment is of deep concern is the reported decrease in the interest of students in liberal education.

4. Operating Revenues and Expenditures. Our new data for operating revenues and expenditures apply to the year 1974-75, the latest year for which financial reports are available. That year was one of intense inflation, and operating results were strongly affected by it. Inflation was so rapid that current revenues could not keep pace. Considering the circumstances, however, the performance was remarkably good. Educational and general revenues increased by 9 percent and total revenues by 10 percent while the Consumer Price Index rose by 11 percent and enrollments grew by 1 percent. Some specific points of concern are the following: a lag in revenue growth for the Comprehensive Colleges and Universities and Liberal Arts Colleges I, and a decline

in the proportion of current expenditures devoted to educational purposes (instruction and research) in the case of the Liberal Arts Colleges II. All four groups of institutions ended the year 1974-75 with surpluses. A few institutions individually experienced deficits, but collectively the institutions enjoyed surpluses. Our general conclusion is that owing to the exceptional rate of inflation the private sector lost some financial ground in 1974-75 as revenues did not keep pace with the general price level. However, the slippage was small and recovery may be possible as inflation abates.

5. Assets, Liabilities, and Net Worth. Because assets are recorded at book value and do not turn over rapidly, it is scarcely surprising that the growth of assets failed to keep pace with inflation in 1974-75. However, the ratio of assets to liabilities increased slightly indicating a modest reduction in the debt burden. Certain weak spots appeared in 1974-75; for example, the Doctoral-granting Universities increased their interfund borrowing substantially and three of the four groups of institutions experienced a decline in endowment as a percent of assets. However, any decline in endowment at book value may have been offset by increases in market value.

6. Special Topics Relating to Finance. The year 1974-75 was a low year for capital spending probably indicating shortage of funds or a conscious intention to husband resources for other uses. State and federal programs of financial aid to students and to institutions are having a favorable impact upon the private institutions. As a result, the amount of student aid financed from current unrestricted revenue declined in 1975-76 as a percentage of total student aid funds. State aid programs appear to assist about a quarter of private college students and to relieve student aid budgets of the institutions in an amount of the order of 2 to 5 percent of their total expenditures. The occupancy rates of residence halls for single students increased slightly in 1975-76. The political climate for private higher education remains favorable.

7. Analysis of Individual Institutions. The conclusions presented so far have been based upon consolidated data for groups of institutions. They provide a general view of what is happening to the private sector but conceal wide differences among individual institutions. We have given special attention, therefore, to the compilation of a data profile for each institution--including information on enrollment, admissions, revenues, expenditures, assets, liabilities, etc. From the analyses of these profiles, one by one, we have been able to array the institutions both according to the degrees of their present strength and according to trends in their strength over time.

We found that a third of the institutions could be classified as of medium current strength and holding their own over time. We also found that some currently strong institutions were gaining ground and some losing ground. And we found the same condition among weak institutions: some were gaining ground and some losing ground. The main finding was that there are success stories in private higher education as well as distress, and the successes or distress are not confined to any one category of institutions. Moreover, when we checked on the condition of institutions that we had judged to be in distress last year, we found that some had achieved a turn-around. This fact has led us to be cautious about providing "box scores" of the number of institutions in distress. Indeed, we classified only six out of ninety-three institutions as being at the same time currently weak and losing ground over time. We are not ready to predict the demise of any of these institutions though we do not belittle the odds against which they are struggling.

Interpretation

The phrase that best describes the private sector of higher education over the past several years, including the most recent year, is steadiness without stagnancy. The evidences of steadiness are the following:

--Enrollment in the past two years has increased by 1 percent each year. The rate of student attrition has remained unchanged. The student-faculty ratio held steady.

--Despite unprecedented inflation in 1974-75 at the annual rate of 11 percent, current revenues per student measured in constant dollars declined by only 2.4 percent. This can only be regarded as a remarkable achievement in a year of hyper-inflation.

--The collective budgets of the institutions in 1974-75 were balanced and showed a small surplus. This also must be regarded as no mean achievement under inflationary conditions.

--The growth of assets outpaced the growth of liabilities in 1974-75 by a considerable margin. As a result, the net worth of the institutions (measured by total fund balances) increased by about 5 percent and the net burden of debt declined.

--The occupancy rate in residence halls increased slightly.

--Reports from administrative officials and faculty members of most of the participating institutions indicate either steadiness or progress in the qualifications and performance of faculty, in the general academic achievement of students, in academic programs and student services, in the capacity to innovate and to adjust to change, and in financial condition.

--The expectations for the future as reported by the presidents and other officers of most of the institutions are cautiously optimistic. For example, not a single president said that he thought his institution will deteriorate seriously in the next five years.

--Despite every effort to identify areas of significant retrenchment of program or erosion of educational "quality," we were able to uncover only a handful of cases. What we found instead was expansion of program and, so far as we could tell, maintenance of quality.

--The number of institutions which were classified as both currently weak and losing ground over time was a tiny fraction of the total sample.

Over and against these indications of steadiness, or in some cases even of progress, we found evidences of weakness or potential deterioration as follows:

--Competitiveness in the recruitment and admission of students appears to be slightly keener year by year. This is reflected in a gradually declining trend in the selectivity of the institutions in the admission of students.

--In recent years, the Scholastic Aptitude Test (SAT) scores and the academic preparation of entering students have been falling. These trends have been nationwide and have affected most institutions, public and private, and so they do not connote relative weakness of the private sector. At the same time, a recent shift has occurred in the interests of students away from liberal learning and toward vocational education. This trend is also national in scope and affects both public and private institutions. However, because of the relatively heavy commitment of the private sector to liberal education, this trend if persistent could be especially damaging to private universities and colleges.

--Though the institutions have been remarkably adept in adjusting to rapid inflation, the fact remains that revenues have not kept pace with inflation. If inflation abates, the institutions may again be able to generate revenues sufficient to meet price rises with some margin left over to finance progress. But if inflation does not come under control, the institutions may have difficulty in maintaining present levels of quality.

--The sharp decline in capital spending in 1975-76, a decline from an already low level, suggests that money is tight.

--The continued heavy dependence of the institutions upon current gifts to balance their budgets is a source of concern. For most institutions, current gifts in large amounts are a precarious source of current income. Moreover, the need to raise large sums of money each year to meet current expenditures slows up the growth of endowment and this impairs long-run financial security. The problem is especially acute among Liberal Arts Colleges II which have been raising 17 percent of their budgets from current gifts.

--The proportion of the student bodies drawn from out-of-state appears to be declining slowly. This may be an adverse effect of state programs of financial aid to students. However, the effect varies widely among institutions depending on the traditional geographic sources of their students.

--Faculty salaries have not kept pace with inflation though they nearly did so in 1975-76. In the past two years faculty salaries have kept pace with the average wages and salaries in the economy generally.

--The dollar gap between private and public tuitions and fees widened in 1975-76.

Most of the evidences of weakness are related to the unusual inflation of recent years or they are factors that could lead to trouble in the future but have not yet caused serious damage. When one considers the evidences of steadiness along with the evidences of weakness or potential deterioration, the conclusion is inescapable that up to the most recent year, "steadiness without stagnancy" describes the factual situation.

Our overall results may seem paradoxical. On the one hand, the private institutions were found to have lost ground financially in 1974-75 as revenues failed to keep pace with inflation. On the other hand, they were found to have "held their own" or "gained ground" in overall quality of performance and to have expanded rather than cut back curricula and programs. The paradox can easily be resolved. The financial problem arising from inflation was absorbed in part by the fact that salaries did not keep up with inflation. And the ability to maintain or even expand programs and to avoid serious retrenchment was due to heavier work loads for faculty and other staff and to curtailment of various expenses yielding only marginal return. We suspect also that some essential expenses were deferred, for example, plant maintenance and library acquisitions, and that these deferrals could affect quality in the long run and could give rise to future financial strain. It is difficult to obtain hard data on these deferrals; unfortunately, our information does not cover them adequately.

We would emphasize that the current situation of "steadiness without stagnancy" can change. Indeed every serious observer of private higher education knows that the position of private universities and colleges is precarious. But up to the present, they appear to have held their own. The institutions report overwhelmingly that their staying power has been due in part to the growing state and federal programs of aid to students and to institutions. It has also been due to careful management, to the continuing support of friends and donors, and to the evident fact that private institutions continue to be attractive to millions of students.

APPENDIX

SUPPLEMENTAL TABLES

ON

EDUCATIONAL PROGRAM: CONTENT AND QUALITY

TABLE I

CHANGES IN QUALIFICATIONS, COMPETENCE, AND PERFORMANCE OF FACULTY, 1974-75 and 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICER*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Percentage of faculty with Ph.D. or equivalent					
Doctoral Granting Universities	87%	13%	--	--	100%
Comprehensive Universities and colleges	83	17	--	--	100
Liberal Arts Colleges I	68	32	--	--	100
Liberal Arts Colleges II	72	20	8%	--	100
Four types of institutions combined	74	21	5	--	100
General competence of new additions to the faculty as compared with previous additions					
Doctoral-Granting Universities	87	13	--	--	100
Comprehensive Universities and colleges	84	16	--	--	100
Liberal Arts Colleges I	67	33	--	--	100
Liberal Arts Colleges II	60	36	4	--	100
Four types of institutions combined	66	31	3	--	100
Willingness of faculty to innovate					
Doctoral-Granting Universities	25	50	25	--	100
Comprehensive Universities and colleges	44	52	--	4%	100
Liberal Arts Colleges I	32	54	9	5	100
Liberal Arts Colleges II	60	40	--	--	100
Four types of institutions combined	51	45	2	2	100
General quality of faculty performance					
Doctoral-Granting Universities	37	63	--	--	100
Comprehensive Universities and colleges	56	36	4	4	100
Liberal Arts Colleges I	27	63	5	5	100
Liberal Arts Colleges II	64	36	--	--	100
Four types of institutions combined	55	41	2	2	100

*Based on responses from 81 of 100 institutions.

TABLE II

CHANGES IN QUALIFICATIONS, COMPETENCE, AND PERFORMANCE OF FACULTY, 1974-75 and 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICER*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Concern for teaching					
Doctoral-Granting Universities	25%	75%	--	--	100%
Comprehensive Universities and Colleges	44	48	--	8%	100
Liberal Arts Colleges I	26	70	--	4	100
Liberal Arts Colleges II	56	44	--	--	100
Four types of institutions combined	48	50	--	2	100
Concern for advising students					
Doctoral-Granting Universities	25	63	12%	--	100
Comprehensive Universities and Colleges	48	44	4	4	100
Liberal Arts Colleges I	48	44	4	4	100
Liberal Arts Colleges II	60	40	--	--	100
Four types of institutions combined	55	42	2	1	100
Productivity in research and scholarship					
Doctoral-Granting Universities	50	50	--	--	100
Comprehensive Universities and Colleges	24	72	--	4	100
Liberal Arts Colleges I	23	67	5	5	100
Liberal Arts Colleges II	16	76	8	--	100
Four types of institutions combined	20	72	6	2	100
Loyalty and commitment to institution					
Doctoral-Granting Universities	13	87	--	--	100
Comprehensive Universities and Colleges	16	68	4	12	100
Liberal Arts Colleges I	--	86	9	5	100
Liberal Arts Colleges II	28	64	8	--	100
Four types of institutions combined	21	69	7	3	100

*Based on responses from 81 of 100 institutions.

TABLE III

AVERAGE CHANGES IN QUALIFICATIONS, COMPETENCE, AND PERFORMANCE OF FACULTY, 1974-75 and 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICERS AND SENIOR FACULTY MEMBERS, FOUR TYPES OF INSTITUTIONS COMBINED*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Percentage of faculty with Ph.D. or equivalent					
Chief Academic Officers	74%	21%	5%	--	100%
Senior Faculty Members	61	22	6	11%	100
General competence of new additions to faculty as compared with previous additions					
Chief Academic Officers	66	31	3	--	100
Senior Faculty Members	55	42	--	3	100
Willingness of faculty to innovate					
Chief Academic Officers	51	45	2	2	100
Senior Faculty Members	48	44	6	2	100
General quality of faculty performance					
Chief Academic Officers	55	41	2	2	100
Senior Faculty Members	44	48	3	5	100
Concern for teaching					
Chief Academic Officers	48	50	--	2	100
Senior Faculty Members	37	61	--	2	100
Concern for advising students					
Chief Academic Officers	55	42	2	1	100
Senior Faculty Members	57	40	1	2	100
Productivity in research and scholarship					
Chief Academic Officers	20	72	6	2	100
Senior Faculty Members	19	69	11	3	100
Loyalty and commitment to institution					
Chief Academic Officers	21	69	7	3	100
Senior Faculty Members	25	53	21	3	100

*Based on responses from 79 to 81 of 100 institutions.

TABLE IV

CHANGES IN GENERAL ACADEMIC PREPARATION OF STUDENTS ADMITTED, 1974-75 and 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICERS*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Reading skills					
Doctoral-Granting Universities	13%	50%	37%	--	100%
Comprehensive Universities and Colleges	--	36	52	12%	100
Liberal Arts Colleges I	--	50	45	5	100
Liberal Arts Colleges II	12	44	44	--	100
Four types of institutions combined	8	44	45	3	100
Writing skills					
Doctoral-Granting Universities	13	37	50	--	100
Comprehensive Universities and Colleges	--	32	56	12	100
Liberal Arts Colleges I	--	27	68	5	100
Liberal Arts Colleges II	12	28	60	--	100
Four types of institutions combined	8	29	60	3	100
Mathematical skills					
Doctoral-Granting Universities	13	62	25	--	100
Comprehensive Universities and Colleges	4	52	32	12	100
Liberal Arts Colleges I	5	59	27	9	100
Liberal Arts Colleges II	16	44	36	4	100
Four types of institutions combined	12	49	33	6	100
Humanistic and social studies preparation					
Doctoral-Granting Universities	13	37	--	50	100
Comprehensive Universities and Colleges	8	76	4	12	100
Liberal Arts Colleges I	14	68	9	9	100
Liberal Arts Colleges II	12	64	12	12	100
Four types of institutions combined	12	65	10	13	100
Science preparation					
Doctoral-Granting Universities	25	37	13	25	100
Comprehensive Universities and Colleges	4	76	12	8	100
Liberal Arts Colleges I	14	67	14	5	100
Liberal Arts Colleges II	12	56	20	12	100
Four types of institutions combined	11	61	17	11	100

*Based on responses from 81 of 100 institutions.

TABLE V

CHANGES IN ACADEMIC PREPARATION OF STUDENTS ADMITTED, 1974-75 and 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICERS, CHIEF STUDENT PERSONNEL OFFICERS, AND SENIOR FACULTY MEMBERS, FOUR TYPES OF INSTITUTIONS COMBINED*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Reading skills					
Chief Academic Officers	8%	44%	45%	3%	100%
Chief Student Personnel Officers	6	46	37	11	100
Senior Faculty Members	9	28	59	4	100
Writing skills					
Chief Academic Officers	8	29	60	3	100
Chief Student Personnel Officers	6	37	47	10	100
Senior Faculty Members	8	23	66	3	100
Mathematical skills					
Chief Academic Officers	12	49	33	6	100
Chief Student Personnel Officers	9	54	19	18	100
Senior Faculty Members	8	31	38	23	100
Humanistic and social studies preparation					
Chief Academic Officers	12	65	10	13	100
Chief Student Personnel Officers	21	48	17	25	100
Senior Faculty Members	11	45	29	15	100
Science preparation					
Chief Academic Officers	11	61	17	11	100
Chief Student Personnel Officers	20	49	11	20	100
Senior Faculty Members	8	43	24	25	100

*Based on responses from 79 to 81 of 100 institutions.

TABLE VI

CHANGES IN THE ORIENTATION OF STUDENTS TOWARD LIBERAL LEARNING VERSUS CAREERS, 1974-75 and 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICERS*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Orientation toward careers					
Doctoral-Granting Universities	100%	--	--	--	100%
Comprehensive Universities and Colleges	84	12%	--	4%	100
Liberal Arts Colleges I	91	9	--	--	100
Liberal Arts Colleges II	88	12	--	--	100
Four types of institutions combined	88	11	--	1	100
Orientation toward liberal learning					
Doctoral-Granting Universities	--	25	63%	12	100
Comprehensive Universities and Colleges	--	36	56	8	100
Liberal Arts Colleges I	--	64	36	00	100
Liberal Arts Colleges II	8	36	56	--	100
Four types of institutions combined	5	40	53	2	100
Grade and credential consciousness					
Doctoral-Granting Universities	63	25	--	12	100
Comprehensive Universities and Colleges	56	40	--	4	100
Liberal Arts Colleges I	64	32	--	5	100
Liberal Arts Colleges II	56	44	--	--	100
Four types of institutions combined	57	41	--	2	100

*Based on responses from 81 of 100 institutions.

TABLE VII

CHANGES IN EXTRACURRICULAR INTERESTS OF STUDENTS, 1974-75 and 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICERS*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Participation in extracurricular activities					
Doctoral-Granting Universities	12%	63%	12%	13%	100%
Comprehensive Universities and Colleges	21	54	21	4	100
Liberal Arts Colleges I	5	77	14	5	100
Liberal Arts Colleges II	28	52	16	4	100
Four types of institutions combined	22	58	16	4	100
Interest in contemporary public affairs					
Doctoral-Granting Universities	12	50	38	--	100
Comprehensive Universities and Colleges	8	44	40	8	100
Liberal Arts Colleges I	9	45	41	5	100
Liberal Arts Colleges II	16	52	24	8	100
Four types of institutions combined	13	49	31	7	100
Political activism					
Doctoral-Granting Universities	12	75	--	13	100
Comprehensive Universities and Colleges	4	28	60	8	100
Liberal Arts Colleges I	--	36	59	5	100
Liberal Arts Colleges II	--	56	40	4	100
Four types of institutions combined	1	49	45	5	100
Loyalty to institution					
Doctoral-Granting Universities	12	75	--	13	100
Comprehensive Universities and Colleges	20	72	4	4	100
Liberal Arts Colleges I	14	77	5	5	100
Liberal Arts Colleges II	24	56	16	4	100
Four types of institutions combined	21	63	12	4	100

*Based on responses from 81 of 100 institutions.

TABLE VIII

CHANGES IN OVERALL ACADEMIC PERFORMANCE OF STUDENTS, 1974-75 and 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICERS*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Conscientious work					
Doctoral-Granting Universities	25%	75%	--	--	100%
Comprehensive Universities and Colleges	52	44	--	4%	100
Liberal Arts Colleges I	45	55	--	--	100
Liberal Arts Colleges II	48	36	16%	--	100
Four types of institutions combined	47	42	10	1	100
General academic achievement					
Doctoral-Granting Universities	43	57	--	--	100
Comprehensive Universities and Colleges	46	46	4	4	100
Liberal Arts Colleges I	5	77	14	5	100
Liberal Arts Colleges II	48	28	20	4	100
Four types of institutions combined	40	40	16	4	100

*Based on responses from 81 of 100 institutions.

TABLE IX

CHANGES IN STUDENT ACHIEVEMENT AND INTERESTS, 1974-75 and 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICERS, CHIEF STUDENT PERSONNEL OFFICERS, AND SENIOR FACULTY MEMBERS, FOUR TYPES OF INSTITUTIONS COMBINED*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Conscientious work					
Chief Academic Officers	47%	42%	10%	1%	100%
Chief Student Personnel Officers	61	30	7	2	100
Senior Faculty Members	43	39	15	3	100
General academic achievement					
Chief Academic Officers	40	40	16	4	100
Chief Student Personnel Officers	40	48	9	3	100
Senior Faculty Members	25	59	11	6	100
Participation in extracurricular activities					
Chief Academic Officers	22	58	16	4	100
Chief Student Personnel Officers	47	41	11	1	100
Senior Faculty Members	32	41	19	8	100
Interest in contemporary public affairs					
Chief Academic Officers	13	49	31	7	100
Chief Student Personnel Officers	14	47	36	3	100
Senior Faculty Members	17	46	29	8	100
Political activism					
Chief Academic Officers	1	49	45	5	100
Chief Student Personnel Officers	4	39	56	1	100
Senior Faculty Members	--	37	58	5	100
Loyalty to institution					
Chief Academic Officers	21	63	12	4	100
Chief Student Personnel Officers	37	43	17	3	100
Senior Faculty Members	26	44	19	11	100
Orientation toward careers					
Chief Academic Officers	88	11	--	1	100
Chief Student Personnel Officers	90	10	--	--	100
Senior Faculty Members	88	10	--	2	100
Orientation toward liberal learning					
Chief Academic Officers	5	40	53	2	100
Chief Student Personnel Officers	13	32	49	6	100
Senior Faculty Members	4	39	55	2	100
Grade and credit consciousness					
Chief Academic Officers	57	41	--	2	100
Chief Student Personnel Officers	67	31	1	1	100
Senior Faculty Members	50	48	--	2	100

*Based on responses from 79 to 81 of 100 institutions.

TABLE X

TRENDS IN METHODS OF INSTRUCTION, 1974-75 and 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICER*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Amount of laboratory-studio instruction (vs. lecture-discussion)					
Doctoral-Granting Universities	--	100%	--	--	100%
Comprehensive Universities and Colleges	16%	80	--	4%	100
Liberal Arts Colleges I	27	73	--	--	100
Liberal Arts Colleges II	36	64	--	--	100
Four types of institutions combined	30	69	--	1	100
Innovative teaching methods such as audio-visual, computer assisted, modular systems, personalized instruction					
Doctoral-Granting Universities	25	75	--	--	100
Comprehensive Universities and Colleges	64	32	--	4	100
Liberal Arts Colleges I	48	52	--	--	100
Liberal Arts Colleges II	76	20	4%	--	100
Four types of institutions combined	67	29	3	1	100
Traditional _independent_ study such as research projects, reading courses, senior theses, etc.					
Doctoral-Granting Universities	37	63	--	--	100
Comprehensive Universities and Colleges	40	56	--	4	100
Liberal Arts Colleges I	52	43	4	--	100
Liberal Arts Colleges II	52	44	4	--	100
Four types of institutions combined	50	46	3	1	100
Non-traditional independent study such as credit by examination, experiential learning, extended degree programs					
Doctoral-Granting Universities	50	50	--	--	100
Comprehensive Universities and Colleges	32	64	--	4	100
Liberal Arts Colleges I	22	78	--	--	100
Liberal Arts Colleges II	60	40	--	--	100
Four types of institutions combined	49	50	--	1	100

*Based on responses from 81 of 100 institutions.

TABLE XI

TRENDS IN METHODS OF INSTRUCTION, 1974-75 and 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICER*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Experiential learning programs such as combined work-study, clinical training, internship					
Doctoral-Granting Universities	38%	50%	12%	--	100%
Comprehensive Universities and Colleges	60	32	--	8%	100
Liberal Arts Colleges I	57	43	--	--	100
Liberal Arts Colleges II	80	20	--	--	100
Four types of institutions combined	72	27	--	1	100
Percentage of classes taught by regular full-time members of the faculty (as distinct from teaching assistants, adjunct faculty, and other part-time faculty)					
Doctoral-Granting Universities	38	50	12	--	100
Comprehensive Universities and Colleges	17	79	4	--	100
Liberal Arts Colleges I	5	77	18	--	100
Liberal Arts Colleges II	16	64	20	--	100
Four types of institutions combined	15	68	17	--	100
Average class size					
Doctoral-Granting Universities	25	75	--	--	100
Comprehensive Universities and Colleges	28	40	24	8	100
Liberal Arts Colleges I	35	43	22	--	100
Liberal Arts Colleges II	56	28	16	--	100
Four types of institutions combined	47	34	18	1	100

*Based on responses from 81 of 100 institutions.

TABLE XII

TRENDS IN QUALITY OF INSTRUCTION, 1974-75 and 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICERS*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Rigor in assessing student performance					
Doctoral-Granting Universities	12%	88%	--	--	100%
Comprehensive Universities and Colleges	24	64	8%	4%	100
Liberal Arts Colleges I	13	70	17	--	100
Liberal Arts Colleges II	28	60	12	--	100
Four types of institutions combined	24	63	12	1	100
Rigor of academic standards					
Doctoral-Granting Universities	37	63	--	--	100
Comprehensive Universities and Colleges	20	68	8	4	100
Liberal Arts Colleges I	17	61	22	--	100
Liberal Arts Colleges II	36	52	12	--	100
Four types of institutions combined	30	56	13	1	100
Overall quality of learning environment					
Doctoral-Granting Universities	50	50	--	--	100
Comprehensive Universities and Colleges	36	56	4	4	100
Liberal Arts Colleges I	22	65	13	--	100
Liberal Arts Colleges II	56	40	4	--	100
Four types of institutions combined	47	47	5	1	100

*Based on responses from 81 of 100 institutions.

TABLE XIII

TRENDS IN METHODS AND QUALITY OF INSTRUCTION, 1974-75 and 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICERS, CHIEF STUDENT PERSONNEL OFFICERS, AND SENIOR FACULTY MEMBERS, FOUR TYPES OF INSTITUTIONS COMBINED*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Amount of laboratory-studio instruction (vs. lecture-discussion)					
Chief Academic Officers	30%	69%	--	1%	100%
Chief Student Personnel Officers	39	44	4%	13	100
Senior Faculty Members	31	57	6	6	100
Innovative teaching methods such as audio-visual, computer-assisted, personalized instruction, modular systems, etc.					
Chief Academic Officers	67	29	3	1	100
Chief Student Personnel Officers	68	27	1	4	100
Senior Faculty Members	63	37	--	--	100
Traditional independent study such as research projects, reading courses, senior theses, etc.					
Chief Academic Officers	50	46	3	1	100
Chief Student Personnel Officers	39	49	2	10	100
Senior Faculty Members	40	47	9	4	100
Non-traditional independent study such as credit by examination, experiential learning, extended degree programs, etc.					
Chief Academic Officers	49	50	--	1	100
Chief Student Personnel Officers	54	43	--	3	100
Senior Faculty Members	49	50	--	1	100
Experiential learning programs such as combined work-study, clinical training, internships, etc.					
Chief Academic Officers	72	27	--	1	100
Chief Student Personnel Officers	77	20	1	2	100
Senior Faculty Members	80	17	--	3	100

*Based on responses from 79 to 81 of 100 institutions.

TABLE XIII (Continued)

TRENDS IN METHODS AND QUALITY OF INSTRUCTION, 1974-75 and 1975-76, AS REPORTED BY CHIEF ACADEMIC OFFICERS, CHIEF STUDENT PERSONNEL OFFICERS, AND SENIOR FACULTY MEMBERS, FOUR TYPES OF INSTITUTIONS COMBINED*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Percentage of classes taught by regular full-time faculty**					
Chief Academic Officers	15%	68%	17%	--	100%
Senior Faculty Members	24	58	14	4	100
Average class size					
Chief Academic Officers	47	34	18	1	100
Chief Student Personnel Officers	45	41	12	4	100
Senior Faculty Members	54	32	11	3	100
Rigor in assessing student performance					
Chief Academic Officers	24	63	12	1	100
Chief Student Personnel Officers	30	55	11	4	100
Senior Faculty Members	25	49	25	1	100
Rigor of academic standards					
Chief Academic Officers	30	56	13	1	100
Chief Student Personnel Officers	27	64	7	2	100
Senior Faculty Members	26	50	21	3	100
Overall quality of learning environment					
Chief Academic Officers	47	47	5	1	100
Chief Student Personnel Officers	56	36	7	1	100
Senior Faculty Members	37	49	13	1	100

*Based on responses from 79 to 81 of 100 institutions.

**This question not submitted to student personnel officers.

TABLE XIV

CHANGES IN AVAILABLE STUDENT SERVICES, 1974-75 and 1975-76, AS REPORTED BY CHIEF STUDENT PERSONNEL OFFICERS*

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Career counseling					
Doctoral-Granting Universities	43%	57%	--	--	100%
Comprehensive Universities and Colleges	75	21	4%	--	100
Liberal Arts Colleges I	75	25	--	--	100
Liberal Arts Colleges II	75	25	--	--	100
Four types of institutions combined	74	25	1	--	100
Career placement					
Doctoral-Granting Universities	29	71	--	--	100
Comprehensive Universities and Colleges	63	33	4	--	100
Liberal Arts Colleges I	42	54	4	--	100
Liberal Arts Colleges II	58	42	--	--	100
Four types of institutions combined	55	44	1	--	100
Programs for women					
Doctoral-Granting Universities	86	14	--	--	100
Comprehensive Universities and Colleges	46	50	4	--	100
Liberal Arts Colleges I	53	39	4	4%	100
Liberal Arts Colleges II	61	39			100
Four types of institutions combined	58	40	1	1	100
Programs for minorities					
Doctoral-Granting Universities	29	57	14	--	100
Comprehensive Universities and Colleges	30	70	--	--	100
Liberal Arts Colleges I	26	57	17	--	100
Liberal Arts Colleges II	10	81	5	5	100
Four types of institutions combined	17	74	6	3	100
Psychological counseling					
Doctoral-Granting Universities	57	43	--	--	100
Comprehensive Universities and Colleges	46	38	17	--	100
Liberal Arts Colleges I	17	67	17	--	100
Liberal Arts Colleges II	38	58	4	--	100
Four types of institutions combined	36	56	8	--	100

TABLE XIV (Continued)

	Percentage of Reporting Institutions				
	Increase	No Change	Decrease	Don't Know	Total
Health services					
Doctoral-Granting Universities	29%	71%	--	--	100%
Comprehensive Universities and Colleges	50	50	--	--	100
Liberal Arts Colleges I	17	79	--	4%	100
Liberal Arts Colleges II	21	71	8%	--	100
Four types of institutions combined	25	69	5	1	100

*Based on responses from 79 of 100 institutions.